

CACHE LOGISTICS TRUST

UNLOCKING VALUE
DELIVERING GROWTH

ENDURING. EVOLVING. GROWING.

ANNUAL REPORT 2017

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UNLOCKING VALUE, DELIVERING GROWTH

In a challenging business environment, Cache Logistics Trust has maintained a stable course by harnessing its in-depth knowledge, experience and expertise. During the year, Cache continued to unlock value and deliver sustainable growth through its portfolio rebalancing strategy, proactive asset management and prudent capital and risk management.

VISION

Our vision is to provide our customers with high-quality logistics real estate solutions in Asia Pacific through partnership with our Sponsor, CWT Pte. Limited, a leading provider of integrated logistics solutions internationally.

MISSION

Our mission is to deliver regular and stable distributions to Unitholders and achieve long-term sustainable growth in Distribution Per Unit ("DPU") and Net Asset Value ("NAV").

We aim to continue to create value for all our stakeholders through building a strong portfolio and adopting the best practices in risk management, corporate governance and sustainability.



CORPORATE PROFILE

About Cache Logistics Trust

Listed on 12 April 2010 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Cache Logistics Trust ("Cache") is a real estate investment trust ("REIT") that invests in income-producing real estate used for logistics purposes as well as real estate-related assets in Asia Pacific.

As at 31 December 2017, Cache's portfolio comprised 19 high-quality logistics warehouse properties strategically located in established logistics clusters in Singapore, Australia and China with a total gross floor area of 7.6 million square feet and an appraised value of S$1.2 billion[1].

Cache is externally managed by ARA-CWT Trust Management (Cache) Limited (the "Manager"). The Manager is focused on value creation through the pursuit of disciplined acquisition growth and proactive portfolio management strategies. Coupled with an emphasis on prudent capital and risk management, Cache strives to deliver regular and stable distributions to Unitholders and achieve long-term sustainable growth.

About ARA-CWT Trust Management (Cache) Limited

ARA-CWT Trust Management (Cache) Limited is a joint-venture REIT management company between ARA Asset Management Limited ("ARA") and CWT Pte. Limited ("CWT").

Established in 2002, ARA is a premier integrated real estate fund manager driven by a vision to be the best-in-class real estate fund management company focused on the management of REITs and private real estate funds.

ARA's business is focused on the following segments:

a. **REITs** – ARA is one of the largest REIT managers in Asia ex-Japan and currently manages five listed REITs, namely Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT and Cache Logistics Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. The Group also manages six privately held REITs in South Korea;

b. **Private real estate funds** – The Group manages nine private funds investing in real estate in Asia; and

c. **Real estate management services** – The Group provides property management services and convention & exhibition services, including managing the award-winning Suntec Singapore Convention & Exhibition Centre.

ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. ARA has distinguished itself over the years with its unique investor-operator philosophy, which nurtures each asset from acquisition to divestment to add value to every stage of the asset life cycle. Built on a foundation of strong corporate governance and business integrity, it counts some of the world's largest pension funds, financial institutions, endowments and family offices as its investors.

ARA has approximately 1,300 staff in 21 cities in eight countries. It manages over 90 properties measuring 57 million square feet in Asia Pacific, with approximately S$40 billion in assets under management.

For more information, please visit www.ara-asia.com.

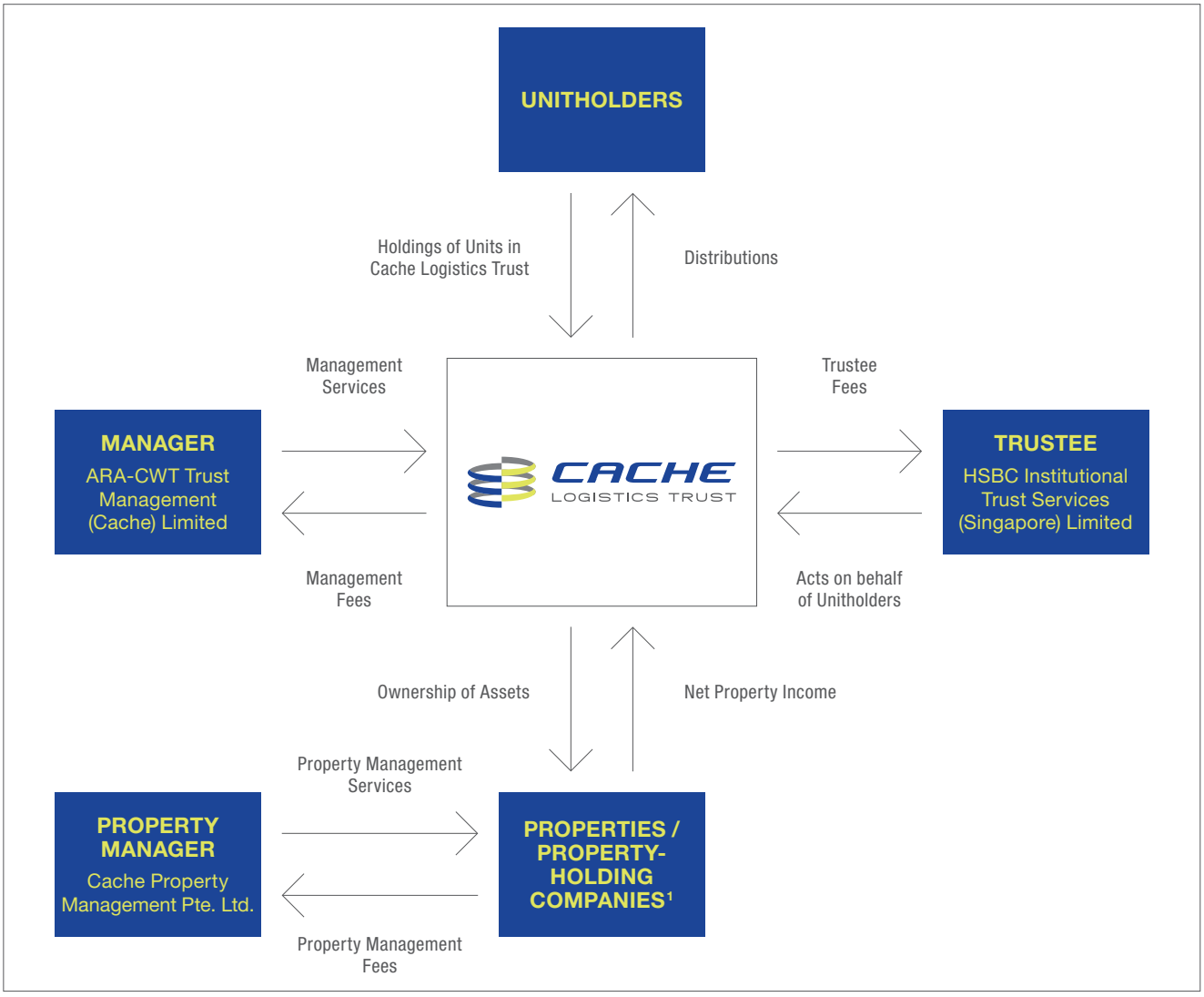
CWT provides integrated commodity services to create better supply chain and opportunities for world trade. Its core business focus is commodity trading, complemented by its financial services and an integrated logistics platform to form a seamless industrial linkage. CWT combines its industry domain capabilities, global scale and resources to deliver a holistic business solution while helping customers succeed and communities thrive. CWT is a wholly-owned subsidiary of CWT International Limited (HKEX: 521).

For more information, please visit www.cwtlimited.com.

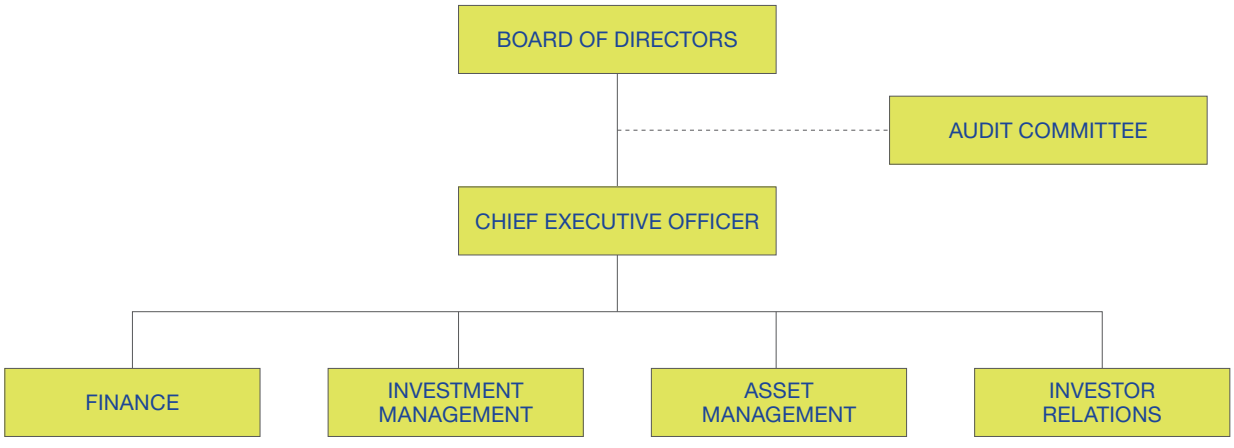
NOTE:

[1] This includes Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore. The proposed divestment of the property was announced on 18 January 2018.

TRUST STRUCTURE AND ORGANISATION STRUCTURE OF THE MANAGER



Organisation Structure of the Manager



NOTE:

[1] Cache's properties located outside of Singapore are held through wholly-owned subsidiaries and sub-trusts of Cache.

FY2017 KEY HIGHLIGHTS[1]

Income Available for Distribution

S$66.0 million

Distribution Per Unit

6.583 cents[2]

Market Capitalisation

S$914.6 million

Aggregate Leverage

36.3%

Portfolio Committed Occupancy

96.6%

Weighted Average Lease to Expiry ("WALE")

3.4 years

By Net Lettable Area ("NLA")

Gross Floor Area ("GFA")

7.6 million square feet

Number of Properties

19

NOTES:

[1] The FY2017 Key Highlights reflects information as at 31 December 2017, which includes Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore. The proposed divestment of the property was announced on 18 January 2018. FY2017 refers to financial year 2017, which is the period from 1 January 2017 to 31 December 2017.

[2] Cache launched an 18-for-100 renounceable rights issue ("Rights Issue") on 4 September 2017. To reflect the effect of the bonus element in the Rights Issue, the reported and recomputed Distribution Per Unit was 6.583 cents. The actual Distribution Per Unit for the year was 6.738 cents.

FY2017 KEY EVENTS

JANUARY 2017

Announced FY2016[1] financial results. FY2016 Income Available for Distribution was up 2.0% to S$69.3 million. DPU for the year was 7.725 cents[2].

Completed the divestment of Cache Changi Districentre 3 for S$25.5 million as part of its Portfolio Rebalancing and Growth Strategy.

MARCH 2017

Completed the acquisition of Spotlight warehouse located at 217 – 225 Boundary Road, Laverton North in Melbourne, Australia for A$22.25 million as part of its Portfolio Rebalancing and Growth Strategy.

APRIL 2017

Convened its 7th Annual General Meeting on 19 April 2017. All resolutions set out in the Notice of AGM were duly passed.

Announced 1Q FY2017 Income Available for Distribution of S$16.2 million. Unitholders received a DPU of 1.800 cents for the period 1 January 2017 to 31 March 2017.

JULY 2017

Announced 2Q FY2017 Income Available for Distribution of S$16.3 million. Unitholders received a DPU of 1.800 cents for the period 1 April 2017 to 30 June 2017.

AUGUST 2017

Cache received the Gold Award in the Industrial REITs category at the Asia Pacific Best of the Breeds REITs Awards™ 2017.

SEPTEMBER 2017

Launched a renounceable 18-for-100 Rights Issue which was approximately 187% oversubscribed. Cache successfully raised approximately S$102.7 million to strengthen its balance sheet and create a larger debt headroom for future growth.

OCTOBER 2017

Announced 3Q FY2017 Income Available for Distribution of S$16.4 million. Unitholders received a DPU of 1.541 cents for the period 1 July 2017 to 30 September 2017.

Achieved a positive resolution to the lease dispute at 51 Alps Ave, Singapore. Cache received a sum of S$8.2 million as part of the mediation settlement. Schenker Singapore (Pte) Ltd will lease the premises until 31 August 2021 under a new lease agreement.

NOVEMBER 2017

Established a S$1 billion multi-currency debt programme as part of its proactive capital management strategy.

JANUARY 2018

Announced FY2017 financial results. FY2017 Income Available for Distribution was down 4.8% to S$66.0 million. Unitholders received a DPU of 1.597 cents for the period 1 October 2017 to 31 December 2017 and a full year DPU of 6.738 cents[3].

Announced the proposed divestment of Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore for S$73.8 million as part of its Portfolio Rebalancing and Growth Strategy. The property was last valued at S$69.0 million[4].

NOTES:

[1] FY2016 refers to financial year 2016, which is the period from 1 January 2016 to 31 December 2016.

[2] To reflect the effect of the bonus element in the Rights Issue for comparison purposes, the restated and recomputed FY2016 DPU would have been 7.391 cents.

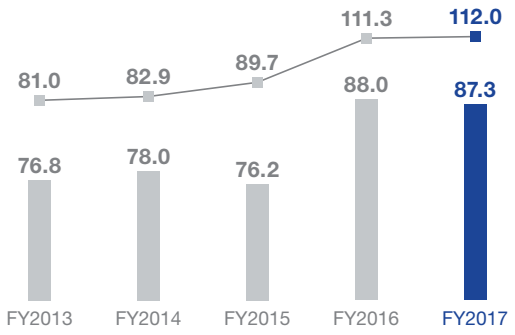
[3] To reflect the effect of the bonus element in the Rights Issue, the reported and recomputed FY2017 DPU was 6.583 cents.

[4] Based on the annual independent valuation as at 31 December 2017.

5-YEAR PERFORMANCE AT A GLANCE

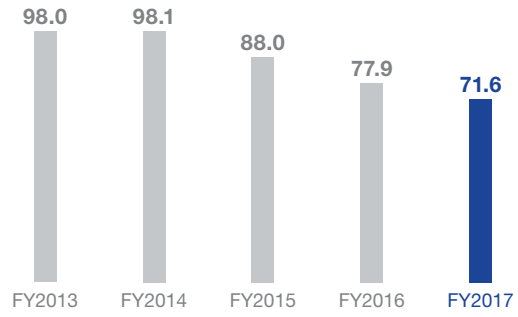
Gross Revenue & Net Property Income (S$M)

S$112.0M
GROSS REVENUE



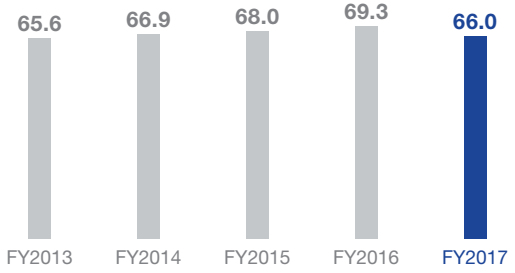
Net Asset Value Per Unit (Cents)

71.6
CENTS



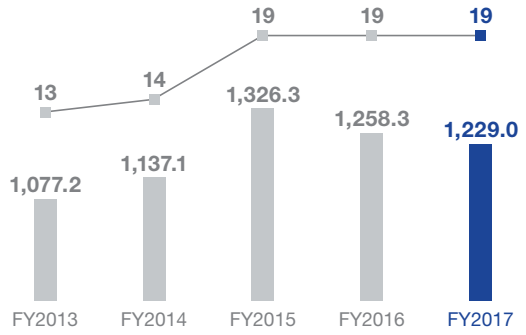
Income Available for Distribution (S$M)

S$66.0M



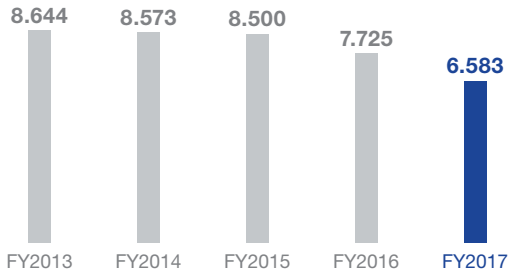
Total Number of Properties and Total Assets (S$M)

19
PROPERTIES



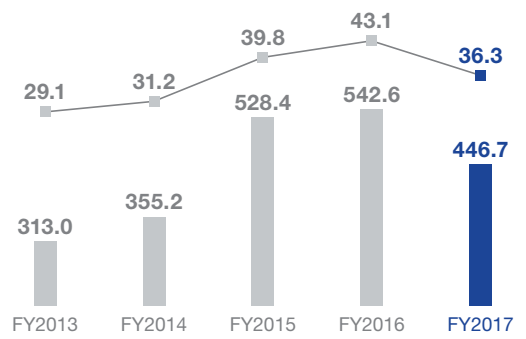
Distribution Per Unit (Cents)

6.583[1]
CENTS



Aggregate Leverage (%) and Total Borrowings (S$M)

36.3%
AGGREGATE LEVERAGE



NOTE:

[1] To reflect the effect of the bonus element in the Rights Issue, the reported and recomputed DPU in FY2017 was 6.583 cents.

5-YEAR PERFORMANCE AT A GLANCE

Financial Highlights

	FY2013	FY2014	FY2015	FY2016	FY2017
Income Statement & Distribution Data					
Gross Revenue (S$'000)	80,955	82,852	89,721	111,271	111,960
Net Property Income (S$'000)	76,813	78,000	76,156	88,014	87,291
Income Available for Distribution (S$'000)	65,555	66,880	67,960[1]	69,318[1]	66,015[1]
Distribution Per Unit (Singapore cents)	8.644	8.573	8.500[2]	7.725[2]	6.583[3]
Balance Sheet Data					
Total Assets (S$ million)	1,077.2	1,137.1	1,326.3	1,258.3	1,229.0
Total Borrowings (S$ million)[4]	313.0	355.2	528.4	542.6	446.7
Unitholders' Funds (S$ million)	761.8	766.9	786.5	701.1	765.7
Value of Portfolio Properties (S$ million)[5]	1,035.0	1,120.2	1,308.0	1,236.4	1,206.9
Net Asset Value per Unit (Singapore cents)	98.0	98.1	88.0	77.9	71.6
Key Financial Ratios					
Distribution Yield (%)[6]	7.8	7.4	9.3	9.5	7.7
Aggregate Leverage Ratio (%)[7]	29.1	31.2	39.8	43.1	36.3
Interest Coverage Ratio (times)[8]	6.3	6.8	4.8	4.0	4.2
All-in Financing Cost (%)[9]	3.48	3.30	3.25	3.60	3.56
Units in Issue (million)[10]	777.4	781.8	893.5	900.5	1,069.7
Market Capitalisation (S$ million)[11]	866.8	906.8	813.1	729.4	914.6

NOTES:

[1] Includes a partial capital distribution from the divestment proceeds of 4 Penjuru Lane, Singapore ("Kim Heng Warehouse"). The capital distribution amounted to S$5.08 million, S$2.40 million and S$1.61 million in FY2015, FY2016 and FY2017 respectively.

[2] Includes a partial capital distribution from the divestment proceeds of Kim Heng Warehouse. The actual capital distribution per unit amounted to 0.614 cents and 0.268 cents in FY2015 and FY2016 respectively.

[3] The recomputed FY2017 DPU of 6.583 cents reflects the effect of the bonus element in the Rights Issue, which includes a capital distribution per unit of 0.165 cents from the divestment proceeds of Kim Heng Warehouse. The actual DPU for the year was 6.738 cents, which includes an actual capital distribution per unit of 0.169 cents.

[4] Excludes unamortised costs.

[5] Based on annual independent valuations of portfolio properties. The FY2017 valuation includes Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore. The proposed divestment of the property was announced on 18 January 2018.

[6] Based on the closing unit price of Cache Logistics Trust on the last trading day of each financial year and the actual DPU of each financial year, except in FY2017 which is based on the recomputed DPU of 6.583 cents.

[7] Ratio of Total Debt over Deposited Properties as defined by Appendix 6 of the Code of Collective Investment Schemes ("Property Funds Appendix").

[8] Ratio of earnings before interest expense, tax, depreciation and amortisation to interest expense. Excludes non-recurring finance expenses incurred for any refinancing exercise during the financial year.

[9] Includes margin and amortisation of capitalised upfront fee.

[10] Based on units in issue and to be issued as at 31 December of each financial year.

[11] Based on the closing unit price of Cache Logistics Trust on the last trading day of each financial year.

LETTER TO UNITHOLDERS



Dear Unitholders,

On behalf of the Board of Directors of the Manager, we are pleased to present the Cache Logistics Trust Annual Report 2017 for the financial year ended 31 December 2017 ("FY2017").

Synchronised Global Growth, Singapore and Australia Economies Remain Strong

Despite the political uncertainties in 2017, global economies are expected to perform well this year. Along with the expectation of a synchronised global economic growth, the International Monetary Fund ("IMF") has upgraded its outlook for most economies, and global growth is forecast to rise to 3.9% in 2018. The upward revisions reflect increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes[1].

Closer to home, the Singapore economy grew by 3.6%[2], largely due to strong growth in the manufacturing sector. The Purchasing Managers' Index ("PMI") also recorded 16 consecutive months of improvement in manufacturing activity and ended 2017 on a strong footing.

The Australian economy grew 2.8% on a seasonally adjusted basis through the year to September 2017[3], in line with the historical average Gross Domestic Product ("GDP") growth of 2.6% over the last decade. The Reserve Bank of Australia ("RBA") kept the cash rate unchanged at 1.5%.

Stable Financial and Operating Performance

Cache delivered stable financial and operating performance in FY2017.

Gross Revenue increased by 0.6% to approximately S$112.0 million. This was mainly due to the higher contribution from the Australia portfolio, DHL Supply Chain Advanced Regional Centre and Cache Cold Centre as well as a rental top-up in respect of 51 Alps Ave. The Net Property Income ("NPI") fell marginally by 0.8% to S$87.3 million compared to the last financial year. The lower NPI was primarily due to a lower contribution from 40 Alps Ave and 51 Alps Ave which were converted from a triple-net master lease structure to multi-tenanted lease structure in a soft rental market, leading to higher property expenses. The FY2017 Income Available for Distribution and DPU was S$66.0 million and 6.583 cents[4] respectively.

NOTES:

[1] IMF, World Economic Outlook Update, January 2018.

[2] Ministry of Trade and Industry, Press Release, 14 February 2018.

[3] Australian Bureau of Statistics, September 2017.

[4] To reflect the effect of the bonus element in the Rights Issue, the reported and recomputed FY2017 DPU was 6.583 cents. Unitholders received an actual DPU of 6.738 cents for the full year.

On the operations front, Cache maintained a robust operating performance. As at 31 December 2017, Cache's portfolio committed occupancy remained strong at 96.6% and the portfolio weighted average lease to expiry ("WALE") by NLA was 3.4 years. The Singapore portfolio achieved a high committed occupancy of 96.3%, which compares favourably to the average warehouse occupancy of 89.1% according to latest statistics[1]. Leases totalling approximately 852,730 square feet were signed in FY2017. The Australian portfolio was 97.1% occupied at year end. This is testament to the quality of the Cache portfolio and the Manager's proactive leasing strategy.

Cache maintained a strong committed occupancy of 96.6% and inked over 852,730 square feet of leases during the year.

The appraised value of the investment properties was S$1,206.9 million as at 31 December 2017, down from S$1,236.4 million at end-2016. The portfolio experienced a downward valuation in some of the Singapore properties due to lower market rent assumptions and shorter land tenure for the leasehold properties. In contrast, our Australia portfolio, as a whole, recorded higher appraised valuations due to compressed capitalisation rates and higher market rents in Australia. The Manager will continue to identify means of enhancing portfolio value wherever possible.

As at 31 December 2017, the lease expiry profile was well staggered, with more than half of the leases committed till FY2020 and beyond. A majority of Cache's tenants/end-users are multi-national third-party logistics service providers and high-calibre companies from diverse business sectors ranging from industrial and consumer goods to food and cold storage, materials, engineering, construction, healthcare and e-commerce.

Positive Resolution on the 51 Alps Ave Matter

In relation to the lease at 51 Alps Ave, Singapore, the Manager announced on 31 October 2017 that it had reached an amicable resolution in respect of the lease dispute. Unitholders would be pleased with the positive outcome as Cache will receive market rental for the property commencing from the Holding Arrangement (1 September 2016 through 31 October 2017) to August 2021 under a new lease with Schenker.

Prudence in Our Capital Management Structure

During the year, Cache undertook a successful renounceable Rights Issue to raise gross proceeds of approximately S$102.7 million. The Rights Issue received overwhelming support from Unitholders and was oversubscribed at 187%. S$99.9 million of the Rights Issue proceeds were used to partially repay Cache's existing borrowings to reduce aggregate leverage and create additional debt headroom for future growth.

Cache's aggregate leverage stood at a healthy 36.3% as at 31 December 2017. The average all-in cost of financing for the full year was 3.56%, slightly lower than in 2016 due to cost savings from a refinancing exercise undertaken in December 2016.

Cache has hedged approximately 90.5% of its Singapore-dollar borrowings and half of its onshore Australian-dollar borrowings into fixed interest rates. In addition, about 94% of Cache's distributable income was hedged into or was derived in Singapore dollars, representing minimal exposure to foreign currency risk.

To further diversify its funding sources and to provide financial flexibility, Cache also established a S$1.0 billion multi-currency debt programme on 30 November 2017. Cache has since issued S$100.0 million of subordinated perpetual securities which was well received by investors, with orders over twice the principal amount and participation from over 20 high-quality accounts.

The Manager will continue to adopt a disciplined and prudent capital management approach and minimise the impact of interest rate volatility on Cache's earnings.

NOTE:

[1] Jurong Town Corporation (JTC), "Quarterly Market Report – Industrial Properties, Fourth Quarter 2017".

LETTER TO UNITHOLDERS

Success in Our Portfolio Rebalancing and Growth Strategy

The Manager continues to execute its portfolio rebalancing and growth strategy to prudently manage the Cache portfolio with a view to recycling capital into properties with positive investment attributes, further enabling Cache to deliver sustainable value and earnings over time.

In this regard, Cache successfully divested Cache Changi Districentre 3 in Singapore, with a relatively short remaining land lease of 17 years, for S$25.5 million in January 2017. Shortly after, the sale proceeds were reinvested into a A$22.25 million well-located freehold logistics warehouse in Laverton North, Victoria, Australia which is fully leased to Spotlight Pty Ltd. The site enjoys close proximity to the main east-west link freeways and is supported by an excellent local arterial road transport system.

Cache embarked on a successful portfolio rebalancing and growth strategy and has acquired a total of seven logistics warehouse facilities in Australia as at 31 December 2017.

Since its first entry into Australia in 2015, Cache has expanded further and, as at 31 December 2017, owns seven logistics warehouse properties in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide. Australia remains an attractive investment market, offering the benefits of freehold land tenure and a longer weighted WALE of 4.9 years almost double that of the average Singapore portfolio WALE[1].

On 18 January 2018, the Manager announced the proposed divestment of Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore for a sale consideration of S$73.8 million. The sale price represents an approximately 7.0% gain over the valuation of the property as at 31 December 2017. The proposed divestment is in line with the Manager's portfolio rebalancing and growth strategy where the proceeds from the divestment will be used to repay borrowings and reinvest into higher value-adding assets to generate sustainable long-term earnings.

Acquisition of a Nine-Property Portfolio in Australia

In keeping with its portfolio rebalancing and growth strategy, on 31 January 2018, the Manager announced the acquisition of a nine-property logistics warehouse portfolio in Australia valued at A$177.6 million. The acquisition was completed on 15 February 2018. The sizable transaction represents Cache's largest acquisition in Australia to date and will increase Cache's portfolio valuation by approximately 15.6%. Post-completion, the assets in Australia make up approximately 28.1% of the total portfolio.

The portfolio comprises institutional-grade industrial logistics properties, all of which are located on freehold land in key established industrial precincts along the Eastern Seaboard of Australia and strategically located near excellent transport infrastructure.

Aside from the benefits of income and geographical diversification, the acquisition further enhances Cache's base of high-quality logistics tenants and end-users. Annual rental escalations of up to 3.5% also provide built-in organic income growth over time.

With this acquisition, the proportion of freehold properties within Cache's portfolio will increase from approximately 22.2% to 35.3%.

Industry Recognition

The Manager is proud to have been awarded the Gold Award at the Asia Pacific Best of the Breeds REITs Awards™ 2017 under the Industrial REITs category. The award recognises companies and managers with the highest standards and performance in the Asia Pacific REITs sector. We are thankful for the support received from Unitholders, analysts, the media and the investment community, and will endeavour to work diligently to continue to manage Cache by upholding the highest standards of professionalism.

NOTE:

[1] As at 31 December 2017, by NLA.

Our Commitment to Sustainability

Cache is committed to creating sustainable value for all stakeholders. The Board believes that a strong environmental, social and governance ("ESG") performance will bring about long-term benefits in driving operational performance excellence, managing risks and protecting the assets of Cache, while minimising the environmental footprint.

To achieve this, Cache seeks improvements in managing energy efficiency in our properties, which reduces carbon footprint and utilities costs resulting in higher returns for our investors. Cache promotes fairness and diversity within an inclusive workplace and builds an experienced and competent team, and believes in giving back to the community. Cache is committed to upholding high standards of corporate governance – crucial in gaining investors' trust and confidence – which lays the foundation for our sustainable success. More details will be available in the sustainability report which will be published online during the year.

Going Forward

With the recent upswing in global growth, the Singapore economy is expected to remain firm and expand between 1.5% and 3.5% in 2018, with growth likely to come in slightly above the middle of the forecast range[1]. This should bode well for the industrial sector as lagged demand picks up over time.

The Singapore industrial property sector continues to face an imbalance in demand and supply dynamics as well as an uncertain economic outlook as it has over the past several years. Of late, the volume of leasing transactions has noticeably increased with some market experts expecting stronger take-up with the aligned global growth and moderated industrial land release by JTC. These developments are expected to reduce excess supply and improve rental rates over time.

In Australia, a market fuelled by historically low interest rates and strong levels of infrastructure investment, the industrial property sector is expected to continue to attract strong investor demand. Australia's growth continues to be underpinned by low interest rates, consumption growth, infrastructure investment, employment growth and non-mining business investment going forward. New South Wales, Victoria and Queensland will see a record A$150 billion of combined infrastructure investment over the next four years[2], which is positive for the logistics industry.

Going forward, in addition to its portfolio rebalancing and growth strategy, the Manager remains focused on proactive lease management to maintain high occupancy and optimise overall returns.

Going forward, Cache remains focused on executing its portfolio rebalancing and growth strategy as well as maintaining high occupancy through proactive lease management.

Acknowledgements

We would like to express our appreciation to the Board of Directors for their stewardship. We would also like to thank the management team for their dedication and commitment. Finally, we would like to express our gratitude to Unitholders, tenants, end-users and business associates for their continued support.

Lim How Teck
Chairman

Daniel Cerf
Chief Executive Officer

NOTES:

[1] Ministry of Trade and Industry, Press Release, 14 February 2018.

[2] Colliers International, Research and Forecast Report – Industrial, First Half 2017.





HARNESSING STRENGTHS UNLEASHING POTENTIAL

Sound fundamentals and the synergistic strengths of CWT and ARA empower Cache to deliver a consistent performance.

CACHE UNDERTOOK A SUCCESSFUL RIGHTS ISSUE TO RAISE APPROXIMATELY **S$103 MILLION** ENDURING

BOARD OF DIRECTORS



1 **Lim How Teck**

CHAIRMAN AND
NON-EXECUTIVE DIRECTOR



2 **Lim Hwee Chiang John**

NON-EXECUTIVE DIRECTOR



3 **Lim Ah Doo**

LEAD INDEPENDENT
NON-EXECUTIVE DIRECTOR
AND CHAIRMAN OF THE
AUDIT COMMITTEE



4 **Stefanie Yuen Thio**

INDEPENDENT
NON-EXECUTIVE DIRECTOR



5 **Lim Kong Puay**

INDEPENDENT
NON-EXECUTIVE DIRECTOR



6 **Lim Lee Meng**

INDEPENDENT
NON-EXECUTIVE DIRECTOR



7 **Liao Chung Lik**

NON-EXECUTIVE DIRECTOR



8 **Jimmy Yim Wing Kuen**

NON-EXECUTIVE DIRECTOR



9 **Loi Pok Yen**

NON-EXECUTIVE DIRECTOR



10 **Moses K. Song**

ALTERNATE DIRECTOR TO
LIM HWEE CHIANG JOHN

BOARD OF DIRECTORS

1 Lim How Teck

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr Lim How Teck is the Chairman of the Manager.

Mr Lim is the Chairman of Heliconia Capital Management Pte. Ltd. and NauticAWT Limited. He is also a governor of the Foundation for Development Cooperation and sits on the boards of Mizuho Securities (Singapore) Private Limited, Greenship Offshore Manager Private Limited, Yang Kee Logistics (Singapore) Pte Ltd and the Papua New Guinea Sustainable Development Program Company.

Currently, Mr Lim is the Chairman of Redwood International Pte. Ltd., an investment and consultancy company. From 1979 to 2005, Mr Lim was with Neptune Orient Lines Ltd ("NOL") where he held various positions, including Executive Director, Group Chief Financial Officer, Group Chief Operating Officer and Group Deputy Chief Executive Officer. He also held directorships in various subsidiaries, associated companies and investment interests of NOL. Prior to joining NOL, he was with Coopers & Lybrand, an international accounting firm, and Plessey Singapore, a multinational trading and manufacturing company.

Mr Lim holds a Bachelor of Accountancy from the University of Singapore. He also completed the Corporate Financial Management Course and Advanced Management Programme at the Harvard Graduate School of Business. In addition, he is a fellow of the Chartered Institute of Management Accountants, Certified Public Accountants Australia, the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors. Mr Lim was awarded the Public Service Star (BBM) and the Public Service Medal (PBM) by the Singapore Government in 2014 and 1999 respectively.

2 Lim Hwee Chiang John

NON-EXECUTIVE DIRECTOR

Mr Lim Hwee Chiang John is a Non-Executive Director of the Manager.

Mr John Lim is the Group Chief Executive Officer of ARA and Director of ARA Asset Management Holdings Pte. Ltd., the ultimate holding company of ARA Asset Management Limited and its subsidiaries. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City). In addition, Mr Lim is an Independent Director and the Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited, the Chairman of the property management committee of the Singapore Chinese Chamber of Commerce & Industry, the Managing Director of Chinese Chamber Realty Private Limited and Director of the Financial Board of the Singapore Chinese Chamber of Commerce. He is also Chairman of the Asia Pacific Real Estate Association and the Consultative Committee to the Department of Real Estate, National University of Singapore.

Mr Lim has more than 30 years of experience in the real estate industry, and has received many notable corporate awards. These include the PERE Global Awards 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur Of the Year Singapore 2012, Ernst & Young Entrepreneur Of the Year – Financial Services 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

3 Lim Ah Doo

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE

Mr Lim Ah Doo is the Lead Independent Non-Executive Director and Chairman of the Audit Committee of the Manager.

Mr Lim is also an Independent Non-Executive Director of GDS Holdings Limited and an Independent Non-Executive Director and Chairman of the Audit Committee of GP Industries Limited. He is also currently an Independent Non-Executive Director and Chairman of the Board, and Chairman of the Human Resources Compensation Committee and Governance and Nomination Committee of Olam International Limited. In addition, Mr Lim is an Independent Non-Executive Director and the Chairman of the Special Committee of Sembcorp Marine Limited, and an Independent Non-Executive Director and member of the Audit Committee of Singapore Technologies Engineering Ltd.

Mr Lim brings with him vast experience and wide knowledge as a former senior banker and corporate executive. He held several key positions in Morgan Grenfell during his 18-year banking career with Morgan Grenfell (Asia) Limited from 1977 to 1995, including that of Chairman and Managing Director of Morgan Grenfell (Asia) Limited from 1993 to 1995. From 2003 to 2008, he was the

BOARD OF DIRECTORS

President and subsequently Non-Executive Vice Chairman of RGE Pte Ltd (formerly known as RGM International Pte Ltd), a leading global resource development group.

Mr Lim was formerly an Independent Director and Executive Committee member of EDBI Pte Ltd, the investment arm of the Singapore Economic Development Board, from 2006 to 2012. He was also an Independent Commissioner and Chairman of the Audit Committee of PT Indosat Tbk, a leading listed Indonesian telecommunications group, and Chairman of EDBV Pte Ltd (a subsidiary of EDBI Pte Ltd) from 2005 to 2006.

Mr Lim holds an Honours degree in Engineering from Queen Mary College, University of London, and a Master in Business Administration degree from Cranfield Institute of Technology.

4 Stefanie Yuen Thio

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Stefanie Yuen Thio is an Independent Non-Executive Director and member of the Audit Committee of the Manager.

She is also the Joint Managing Director of TSMP Law Corporation and heads its corporate practice. She was admitted to the Singapore Bar in 1994 and her areas of expertise include mergers and acquisitions, equity capital markets, corporate transactions and regulatory advice. Her clients include logistics companies, REITs and REIT managers. She is regularly named by legal journals as a leading practitioner in her areas of specialisation. Ms Thio has also been appointed by the Monetary Authority of Singapore to the Corporate Governance Council 2017 to review the Code of Corporate Governance ("CG Code") and is a Fellow of the Singapore Institute of Directors. From 2014 to 2017, she was a member of the Expert Panel, Centre for Cross-Border Commercial Law in Asia. She is also a member of the Singapore Governance and Transparency Index ("SGTI") Advisory Panel from June 2016 to May 2018.

Ms Thio graduated from the National University of Singapore with an LL.B (Honours) degree in 1993.

5 Lim Kong Puay

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lim Kong Puay is an Independent Non-Executive Director and member of the Audit Committee of the Manager.

Mr Lim has also been the President and Chief Executive Officer of Tuas Power Generation Pte Ltd since 2004. Mr Lim has many years of experience in the liberalised electricity market of Singapore in the generation, trading and retailing of electricity. He has also diversified the company's business to new areas in providing utilities such as steam, tank storage, industrial water and waste water treatment to industrial customers in the Tuas area and on Jurong Island.

Mr Lim graduated from the National University of Singapore with a Bachelor of Engineering in Mechanical Engineering in 1981. He is also a Fellow of the Institute of Engineers of Singapore and a Professional Engineer (Mechanical) registered with the Professional Engineers Board in Singapore.

6 Lim Lee Meng

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lim Lee Meng is an Independent Non-Executive Director and member of the Audit Committee of the Manager.

Mr Lim is currently an Executive Director of LeeMeng Capital Pte. Ltd. Mr Lim is also an Independent Director of Teckwah Industrial Corporation Ltd and Tye Soon Limited. He also serves as the Chairman of the Audit Committee of Teckwah Industrial Corporation Ltd and is a member of the Audit Committee of Tye Soon Limited.

Mr Lim is a fellow member of the Singapore Institute of Chartered Accountants, an associate member of the Institute of Chartered Secretaries and Administrators, and a fellow member of the Singapore Institute of Directors. He is also the Chairman of the finance committee of Ang Mo Kio Town Council and the Chairman of the School Advisory Committee of River Valley High School. Mr Lim is also the advisor to the Department of Commerce of Jiangsu Province, China.

Mr Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (Accountancy) degree in 1980. He also holds a Master of Business Administration degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

7 Liao Chung Lik

NON-EXECUTIVE DIRECTOR

Mr Liao Chung Lik is a Non-Executive Director of the Manager.

Mr Liao joined C & P in 1982 and is currently the Deputy Group Managing Director of the C & P Group.

Mr Liao holds a Bachelor of Business Administration degree from the National University of Singapore.

Mr Liao resigned from the Board of the Manager with effect from 9 February 2018.

8 Jimmy Yim Wing Kuen

NON-EXECUTIVE DIRECTOR

Mr Jimmy Yim is a Non-Executive Director of the Manager. He also sits on the boards of Low Keng Huat (Singapore) Ltd and Singapore Medical Group Limited.

Mr Yim is the Deputy Chairman and concurrently the Managing Director of the Litigation & Dispute Resolution Department of Drew & Napier LLC, a leading legal practice in Singapore established since 1889. He was admitted to the Singapore Bar in 1983 and joined Drew & Napier LLC in 1989. Mr Yim is one of the earliest batches of Senior Counsels, being appointed in January 1998. His practice covers a wide range of civil and commercial law, corporate law and international commercial arbitrations.

Mr Yim is a fellow of the Singapore Institute of Arbitrators, a regional arbitrator with the Singapore International Arbitration Centre and Panel Member of Mediators for the Singapore Mediation Centre and The Financial Industry Disputes Resolution Centre Ltd of the Association of Banks in Singapore. He is recommended by name in various professional journals and ranking agencies in the area of dispute resolution.

Mr Yim holds a Bachelor of Laws (Honours) and a Master of Laws degrees from the National University of Singapore. He is also a Solicitor of the Supreme Court of England and Wales.

9 Loi Pok Yen

NON-EXECUTIVE DIRECTOR

Mr Loi was appointed to the Board of the Manager with effect from 9 February 2018.

Mr Loi has been the Group CEO of CWT since 2005. With his extensive experience in strategic and logistics business management, Mr Loi leads the CWT executive team in strengthening the CWT Group's businesses and market competitiveness for the long-term success of the CWT Group.

Prior to joining CWT, Mr Loi was responsible for the construction of warehouses and running the logistics business operations at C & P Holdings Pte Ltd. From 1995 to 1997, he helped oversee and build Myanmar International Terminals Thilawa, Myanmar's largest port. Mr Loi has been instrumental in transforming the CWT Group into a global enterprise. In 2013, he was named EY Entrepreneur of the Year – Logistics Winner.

Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Honours) degree.

10 Moses K. Song

ALTERNATE DIRECTOR TO
LIM HWEE CHIANG JOHN

Mr Moses K. Song is an Alternate Director to Mr Lim Hwee Chiang John, a Non-Executive Director of the Manager.

Mr Moses K. Song is the Assistant Group Chief Executive Officer of ARA, responsible for leading the Group's general business expansion initiatives and overseeing the Group's local operations in Korea, Australia, Japan, Europe, United States and new markets. He holds the concurrent appointment of Group Chief Investment Officer and heads ARA's Group Investment Office where his responsibilities include originating and managing new business partnerships, establishing and/or acquiring new investment management platforms and maintaining strategic investment capital relationships on behalf of the firm. Mr Song serves on the investment and executive committees of ARA Private Funds and is an Executive Board Member of the Asian Association for Investors in Non-listed Real Estate Vehicles.

Prior to joining ARA, Mr Song was a Principal and Chief Operating Officer at Lubert-Adler Asia Advisors Pte. Ltd., the Asia investment platform of United States-based real estate private equity firm Lubert-Adler Partners L.P., where he was responsible for North Asia investment opportunities, and with Marathon Asset Management (Singapore) Pte. Ltd. as Managing Director responsible for real estate finance and investments in Asia. He was based in Hong Kong from 2004 to 2007 with Merrill Lynch (Asia Pacific) Ltd. as a Director in the global commercial real estate group, and Morgan Stanley Asia Ltd. as a Vice-President of Morgan Stanley International Real Estate Funds. Mr Song began his career as a corporate and real estate finance attorney in the United States. He moved to Asia in 2000 as a seconded attorney to Morgan Stanley International Real Estate Funds in Tokyo, Japan and was appointed general counsel of Morgan Stanley's real estate asset management platform in Korea in 2001.

Mr Song holds a Juris Doctor from the Vanderbilt University School of Law, USA and a Bachelor of Science in Economics from Centre College, USA. He is a member of the State Bar of Texas (inactive status).

MANAGEMENT TEAM



1 **Daniel Cerf**

CHIEF EXECUTIVE OFFICER



2 **Ho Jiann Ching**

DIRECTOR, HEAD OF INVESTMENT MANAGEMENT



3 **Robert Wong**

DIRECTOR OF FINANCE & OPERATIONS



4 **Ho Kin Leong**

DIRECTOR OF ASSET MANAGEMENT



5 **Judy Tan**

ASSISTANT DIRECTOR, INVESTOR RELATIONS



6 **Donovan Ng**

ASSISTANT FINANCE DIRECTOR



7 **Wang Jing**

ASSISTANT DIRECTOR, ASSET MANAGEMENT



8 **Wendy Pek**

ASSISTANT FINANCE MANAGER



9 **Edna Koh**

SENIOR ACCOUNTANT



10 **Brian Ng**

SENIOR ANALYST



11 **Lim Jian Jun**

ANALYST



12 **Jimmy Chan**

GENERAL MANAGER



13 **David Wong**

HEAD OF FINANCE AND LEASING



14 **Des Pabustan**

MANAGER, PROCUREMENT & PROPERTY MANAGEMENT

THE MANAGER
ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED

1 Daniel Cerf

CHIEF EXECUTIVE OFFICER

Mr Daniel Cerf has over 30 years of experience in Asia. He has been involved in real estate investment, development and related management consulting services.

Before joining the Manager, Mr Cerf was Deputy Chief Executive Officer of what is presently known as Keppel REIT Management Limited, the manager of Keppel REIT. Mr Cerf was responsible for the overall management of the REIT where total assets under management grew from S$637 million to over S$2.1 billion during his tenure. Mr Cerf joined First Pacific Land in 1989 as a Senior Development Manager responsible for the group's developments in the region and later became Director and General Manager of the Singapore and Malaysia subsidiaries. Mr Cerf, together with a group of investors, carried out a successful management buyout of First Pacific Land's businesses in Malaysia in 1993, which he continued to helm in conjunction with an asset management consultancy until 2005.

Mr Cerf is a former practising architect and holds a Bachelor of Architecture degree (Dean's List) from the University of Oklahoma, USA with emphasis on urban planning and architectural development.

2 Ho Jiann Ching

DIRECTOR, HEAD OF INVESTMENT MANAGEMENT

Mr Ho Jiann Ching is responsible for developing and executing investment strategies for acquisitions and divestments to achieve optimum investment returns.

Mr Ho has over 20 years of regional experience in real estate investment, development, asset management and marketing. Before joining the Manager, he was Director of Business Development at Ayala International Holdings Limited and concurrently the Head of Transaction Review for ARCH Asian Partners Fund, an Ayala-sponsored private equity real estate fund. In those roles, he was responsible for sourcing and transacting business opportunities in Singapore and Asia Pacific. Prior to that, Mr Ho led a team of investment professionals at Sembawang Properties from 1996 to 2001 where he was responsible for initiating concepts and blueprints for residential and commercial development. Mr Ho began his career in 1993 with JTC Corporation where he was involved in the land allocation of strategic foreign direct investment projects and supported land-use planning of industrial land.

Mr Ho holds a Bachelor of Science (Estate Management) (Honours) degree in Estate Management from the National University of Singapore.

3 Robert Wong

DIRECTOR OF FINANCE & OPERATIONS

Mr Robert Wong heads the finance team and assists the Chief Executive Officer on all accounting, finance, tax, treasury, capital management, investment, compliance and risk management functions for Cache.

Mr Wong has over 20 years of accounting and financial management experience, most of which has been in the real estate fund management industry. Before joining the Manager, he was Senior Vice President with CBRE Global Investors and ING Real Estate from 2007 to 2012. Prior to that, he was based in Australia and held various finance positions with Mirvac Funds Management, Colonial First State Property and Westpac Investment Property Limited.

Mr Wong holds a Bachelor of Commerce degree from Murdoch University, Australia and is a member of the Certified Practising Accountants of Australia.

MANAGEMENT TEAM

THE MANAGER
ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED

4 Ho Kin Leong

DIRECTOR OF ASSET MANAGEMENT

Mr Ho Kin Leong is responsible for formulating and executing business plans to maximise returns from Cache's property portfolio.

Mr Ho has over 16 years of experience in real estate investment, development and asset management. Before joining the Manager, he was Senior Vice President, Asset Management with MEAG Pacific Star Asset Management where he led the formulation and implementation of strategies in asset enhancement initiatives, leasing, refinancing and divestment of the portfolio's properties. Prior to that, he was Senior Investment Manager with Keppel Land for overseas markets. Mr Ho began his career with International Enterprise Singapore in 1990 and was based in both Singapore and Japan, holding key business development positions for regional markets during his 11-year stint with the organisation.

Mr Ho obtained his Master of Business Administration from Imperial College Business School, London under the Chevening Scholarship Programme. He also holds a Bachelor in Electronics Engineering from Tohoku University, Japan.

5 Judy Tan

ASSISTANT DIRECTOR, INVESTOR RELATIONS

As Head of the Investor Relations department, Ms Judy Tan is responsible for maintaining timely and transparent communications with Cache's Unitholders, investors, analysts and the media.

Ms Tan has over 12 years of working experience in the capital markets, including investor relations and risk management. Prior to joining the Manager, she was Assistant Vice President in the Risk Management & Regulation Group at Singapore Exchange Limited.

Ms Tan completed her Master of Finance at the University of Cambridge, UK, under the Finance Scholarship Programme administered by the Monetary Authority of Singapore. She also holds a Bachelor of Business Administration (First Class Honours) from the National University of Singapore Business School. In addition, she holds a Diploma in Compliance from the International Compliance Association and a Postgraduate Diploma in Statistics and Datamining from Singapore Polytechnic.

6 Donovan Ng

ASSISTANT FINANCE DIRECTOR

Mr Donovan Ng assists the Director of Finance & Operations in the areas of accounting, finance, treasury and capital management.

Mr Ng has over 19 years of experience in accounting and finance. Prior to joining the Manager, he was Finance Manager with ARA Asset Management Private Funds, where he handled the accounting, finance and treasury functions. Prior to that, he was Finance Manager with Fortune Real Estate Investment Trust from 2007 to 2014, and Senior Accountant with Ascendas Land (Singapore) Pte Ltd and Lindeteves-Jacoberg Limited.

Mr Ng holds an ACCA (Association of Chartered Certified Accountants, UK) qualification and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

THE MANAGER
ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED

7 Wang Jing
ASSISTANT DIRECTOR, ASSET MANAGEMENT

As part of the asset management team, Ms Wang Jing is responsible for managing the overall performance of Cache's property portfolio.

Ms Wang has over 16 years of experience in real estate and urban planning. Prior to joining the Manager, she was Senior Manager, Asset Management with Mapletree Investments Pte Ltd where she managed various properties including business park, commercial and warehouse assets totalling over two million square feet. She was also the Investment Manager responsible for sourcing commercial/mixed-use real estate projects in China.

Ms Wang obtained her Master of Business Administration from the National University of Singapore and Master of Architecture from Katholieke Universiteit Leuven, Belgium.

8 Wendy Pek
ASSISTANT FINANCE MANAGER

Ms Wendy Pek is a member of the finance team, assisting in managing the monthly accounts and preparation of financial statements and providing support in areas of accounting, finance, treasury and capital management.

Ms Pek has over 13 years of experience in accounting and finance. Prior to joining the Manager, she was Finance Manager with G. K. Goh Strategic Holdings Pte Ltd. Prior to that, she held various finance positions with YTL Starhill Global Reit Management Pte Ltd, the manager of Starhill Global Reit, and CapitaLand Mall Trust Management Limited, the manager of CapitaLand Mall Trust, from 2008 to 2014.

Ms Pek holds an ACCA (Association of Chartered Certified Accountants, UK) qualification and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

9 Edna Koh
SENIOR ACCOUNTANT

Ms Edna Koh is a member of the finance team, assisting in managing the monthly accounts, preparation of financial statements and providing support in areas of accounting, finance, treasury and capital management. Ms Koh has nine years of work experience and holds a Bachelor of Commerce in Accounting and Finance from Murdoch University, Australia.

10 Brian Ng
SENIOR ANALYST

Mr Brian Ng assists in managing Cache's property portfolio and undertakes research and financial analysis to support portfolio performance optimisation and investment strategies. Mr Ng has over four years of experience in development, investment, asset management and marketing hospitality and boutique mixed-use developments. He was formerly an Asset Specialist at Warees Investments Pte Ltd where he formulated and executed investment strategies and development plans.

Mr Ng holds a Bachelor of Science (Real Estate) (Honours) with a Real Estate Finance Specialisation from National University of Singapore and is also a CFA® charterholder.

11 Lim Jian Jun
ANALYST

Mr Lim Jian Jun assists in the evaluation and execution of investment opportunities as well as financial analysis and market research.

Mr Lim joined the Manager upon graduation and holds a Bachelor of Science (Real Estate) (Highest Distinction Honours) from the National University of Singapore. He also holds a Diploma in Business Studies and a Diploma Plus Certificate in Quantitative Methods and Economics from Ngee Ann Polytechnic.

MANAGEMENT TEAM

THE PROPERTY MANAGER
CACHE PROPERTY MANAGEMENT PTE. LTD.

12 Jimmy Chan

GENERAL MANAGER

Mr Jimmy Chan leads the Property Management team in managing Cache's property portfolio. Prior to joining the Property Manager, he was Head of Asset Management with the Manager.

Mr Chan has over 20 years of local and international experience in real estate, property management, redevelopment, asset management and lease management. He was previously Senior Manager, Asset Management/ Investments at Mapletree Investments Pte Ltd where he managed a S$1.7 billion industrial portfolio acquired from JTC Corporation.

Mr Chan holds a Master of Science degree in Real Estate and a Bachelor of Science (Honours) degree in Estate Management, both from the University of Reading (UK), and a Diploma in Building Management from Ngee Ann Polytechnic.

13 David Wong

HEAD OF FINANCE AND LEASING

Mr David Wong is responsible for the accounting, finance and leasing functions relating to Cache's property portfolio.

Mr Wong has over 20 years of experience in accounting, internal control, tax and finance-related work. Prior to joining the Property Manager, he was Finance Manager with Cambridge Industrial Property Management Pte. Ltd., the Property Manager for Cambridge Industrial Trust (now known as ESR-REIT) and was previously Assistant Finance Manager with OCBC Property Services Pte Ltd.

Mr Wong graduated from Edith Cowan University in Perth, Australia with a Bachelor of Business (Accounting) degree and holds a Diploma in Management Accounting & Finance from National Productivity Board.

14 Des Pabustan

MANAGER, PROCUREMENT & PROPERTY MANAGEMENT

Ms Des Pabustan is responsible for overseeing the property management of Cache's property portfolio, all procurement matters and managing the yearly operating budget and capital expenditure.

Ms Pabustan has over 15 years of experience in property, procurement and facilities management. Before joining the Property Manager, Ms Pabustan worked with Jones Lang LaSalle and was responsible for StarHub Green's management which includes advertising & promotion, A&A works and tenant relations. She was also involved in its acquisition process from due diligence to handing and taking over of the asset. Prior to that, Ms Pabustan was a Tenant Relations Manager with Chambers International Group of Companies managing the Central Provident Fund ("CPF") building, where she was responsible for addressing service gaps and working closely with CPF and its tenants.

Ms Pabustan is a former Human Resource Specialist and holds a Bachelor of Arts in Psychology (Dean's list) from Philippine Women's University. She is a qualified Site Main Controller/Site Incident Controller for Company Emergency Response Team and a certified Work-At-Height Supervisor and Manager.

Unit Price Performance

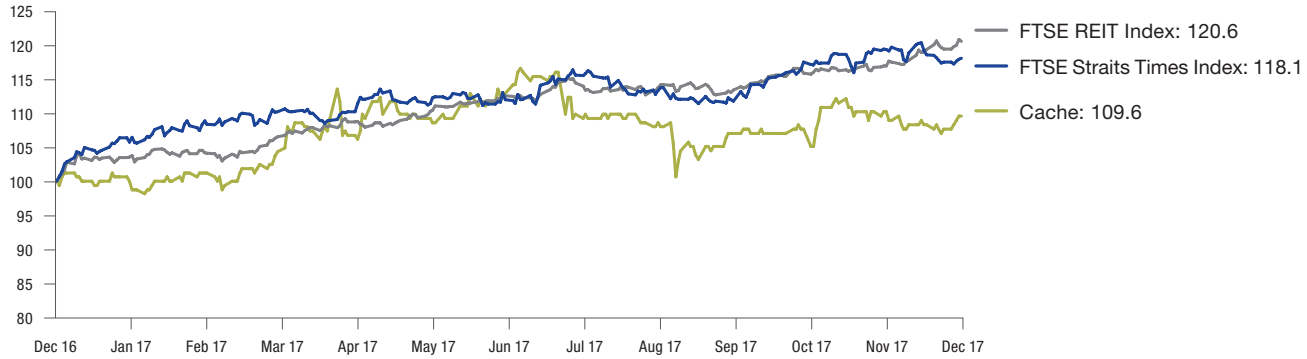
Cache's unit price closed at S$0.855 on 29 December 2017, the last trading day in 2017 representing a 9.6% increase compared to the adjusted last done unit price of S$0.78 [1] on 30 December 2016. The market capitalisation of Cache was approximately S$915 million.

Comparatively, the FTSE Straits Times Index and the FTSE REIT Index increased by 18.1% and 20.6% respectively in 2017. Despite heightened political risk and macroeconomic uncertainties, major stock markets and Singapore-listed REITs ("S-REITs") performed well in 2017. The rally in S-REITs was largely attributed to market expectations of synchronised global economic growth and a strong property market in 2018.

At a closing price of S$0.855 and a full year DPU of 6.583 cents[2], Cache offered a distribution yield of approximately 7.7%.

Comparative 1-Year Performance

(Base = 100 on 31 December 2016)



Source: Bloomberg, based on adjusted unit prices for Cache to reflect the effect of the Rights Issue.

Trading Performance Highlights

	Adjusted[1]		Unadjusted	
	2017	2016	2017	2016
Opening Price (S$)	0.780	0.876	0.810	0.910
Closing Price (S$)	0.855	0.780	0.855	0.810
Highest Closing Price (S$)	0.910	0.900	0.945	0.935
Lowest Closing Price (S$)	0.766	0.761	0.795	0.790
Average Daily Volume Traded (million units)	2.5	2.3	2.4	2.2

Source: Bloomberg

Total Returns

Performance of Cache compared with major indices[3]	1 Year		3 Years		5 Years	
	Price Change	Total Return	Price Change	Total Return	Price Change	Total Return
Cache Logistics Trust	**9.6%**	**19.0%**	**-23.5%**	**-1.8%**	**-28.4%**	**6.0%**
FTSE REIT Index	20.6%	28.4%	9.8%	32.5%	9.2%	48.5%
FTSE ST Index	18.1%	22.0%	1.1%	12.3%	7.4%	26.6%

Source: Bloomberg

NOTES:

[1] The unit prices and average daily volume traded are adjusted to reflect the effect of the Rights Issue.

[2] The reported and recomputed FY2017 DPU of 6.583 cents reflects the effect of the bonus element in the Rights Issue.

[3] Price change is calculated based on the closing price on the last day of the preceding reporting period compared to the closing price on the last day of the next period. Total return calculation assumes distributions paid during the period are reinvested.

INVESTOR RELATIONS

Guided by the principles of Objectivity, Transparency, Consistency and Timeliness, the Manager takes a proactive approach in engaging the investment community.

Key updates and all publications, including annual reports, factsheets, media releases and investor presentations are communicated to Unitholders, the investment community, analysts and the media through various channels, including conferences and meetings, online platforms and print publications. Investors can also contact the investor relations team via a dedicated email address, and subscribe to Cache's email distribution list to receive the latest updates on Cache and/or the Manager.



Unitholders interacting with the CEO at the AGM



Property site visits to Cache's warehouses

Active Engagement with Investors

The Manager proactively engages Unitholders and the investment community via various platforms such as results briefings, conference calls, conferences, non-deal roadshows, one-to-one meetings and other industry events.

During the financial year, the Manager met with over 100 fund managers, analysts and remisiers through its participation in conferences, one-on-one meetings, investor luncheons and teleconferences. In conjunction with the release of Cache's results, results briefings and teleconference calls were organised for the analysts. Such interactions allow the investment community direct access to senior management and provides the Manager with a better understanding of the external expectations and perceptions of Cache. Property site visits are also conducted to introduce investors to the high-quality warehouses within Cache's portfolio.

To engage retail investors, the Manager regularly participates in the annual REITs Symposium as part of the ARA Group. The event is jointly organised by Shareinvestor and the REIT Association of Singapore.

INVESTOR RELATIONS





The AGM was well attended by Unitholders who took the opportunity to interact with the Board of Directors and the Manager



Annual General Meeting ("AGM")

The AGM is an important channel for communication between the Board of Directors, the management of the Manager and Unitholders of Cache. The 7th AGM, which was convened on 19 April 2017, was well attended by over 320 Unitholders and Unitholder proxies. At the AGM, the Manager presented Cache's recent financial and operational performance, business outlook and strategy. Attendees can raise questions, communicate their feedback and interact with the Board of Directors and management during these meetings. The voting for all the AGM resolutions was conducted via electronic polls. All resolutions tabled at the AGM were duly passed and the results of the polls were announced on the SGX and Cache websites on the same day.

Industry Recognition

Cache was awarded the Gold Award at the Asia Pacific Best of the Breeds REITs Awards™ 2017 under the Industrial REITs category. The award recognises companies and managers with the highest standards and performance in the Asia Pacific REITs sector, and winners were assessed based on a judging criteria that includes ratings strength and stability, financial performance, market performance, corporate governance, quality of the REIT manager, adequacy of risk management policies and methodology, and sustainability of performance over the long term.

Coverage by Equity Research Houses

There are currently nine equity research houses which provide equity research coverage on Cache. They are (in alphabetical order):

- CIMB Securities
- DBS Vickers Securities
- HSBC Global Research
- Macquarie Capital Securities
- Maybank Kim Eng Securities
- OCBC Investment Research
- Phillip Securities Research
- RHB Research Institute Singapore
- SooChow CSSD Capital Markets (Asia) (previously Religare Institutional Research)

For enquiries, please contact:

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Investor Relations

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Email: judytan@ara.com.hk
Website: www.cache-reit.com


5



IDENTIFYING OPPORTUNITIES

EXPANDING HORIZONS

Cache continues to strengthen its portfolio through the strategic addition of high value-adding assets that contribute to long-term sustainable growth.

CACHE CURRENTLY MANAGES

7

LOGISTICS WAREHOUSES IN AUSTRALIA

EVOLVING

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

Portfolio Overview

As at 31 December 2017, Cache's portfolio comprised 19 logistics warehouse properties strategically located in established logistics clusters in Singapore, Australia and China which are well served by good transportation infrastructure.

The Cache portfolio serves a diverse group of multi-national third-party logistics providers, which are firms that provide multiple logistics services such as transportation, warehousing, inventory management, packaging and freight forwarding, as well as high-quality businesses.

Singapore In Singapore, Cache's properties are located in major logistics clusters such as the Airport Logistics Park of Singapore ("Alps"), Changi International LogisPark and the new Tampines LogisPark, which are near to the airport, as well as the Penjuru, Pandan and Gul Way areas, which enjoy proximity to the sea ports and at least half of the container yards in the country.

Australia The seven logistics warehouses in Australia are located in well-established industrial precincts in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide.

China Jinshan Chemical Warehouse is located within the Shanghai Chemical Industry Park, which is the first industrial zone specialised in the development of petrochemical and fine chemicals businesses, and is one of the four industrial production bases in Shanghai.

	As at 31 December 2015	As at 31 December 2016[1]	As at 31 December 2017[2]
Number of Properties	**19 Properties** 12 in Singapore 6 in Australia 1 in China, Shanghai	**19 Properties** 12 in Singapore 6 in Australia 1 in China, Shanghai	**19 Properties** 11 in Singapore 7 in Australia 1 in China, Shanghai
Portfolio Value	S$1,308.0 million	S$1,236.4 million	S$1,206.9 million
GFA	7,508,508 square feet	7,508,508 square feet	7,554,621 square feet
Average Building Age	10.0 years	11.0 years	12.2 years
Number of Tenants	36	38	41
Tenant Trade Sector	100% Logistics and Warehousing	100% Logistics and Warehousing	100% Logistics and Warehousing
Portfolio Committed Occupancy	94.9%	96.4%	96.6%
Property Features	10 properties – Ramp-up 2 properties – Cargo Lift 7 properties – Single-Storey	10 properties – Ramp-up 2 properties – Cargo Lift 7 properties – Single-Storey	9 properties – Ramp-up 2 properties – Cargo Lift 8 properties – Single-Storey

NOTES:

[1] Includes Cache Changi Districentre 3, which was divested on 23 January 2017.

[2] Includes Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore. The proposed divestment of the property was announced on 18 January 2018.

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW



Singapore Portfolio

PANDAN / PENJURU	
1	CWT Commodity Hub
2	Cache Cold Centre
3	Pandan Logistics Hub
GUL WAY	
4	Precise Two
AIRPORT LOGISTICS PARK	
5	Schenker Megahub
6	Hi-Speed Logistics Centre
CHANGI SOUTH	
7	Cache Changi Districentre 1
8	Cache Changi Districentre 2
CHANGI NORTH	
9	Pan Asia Logistics Centre
LOYANG	
10	Air Market Logistics Centre
TAMPINES LOGISPARK	
11	DHL Supply Chain Advanced Regional Centre

China Portfolio

SHANGHAI	
1	Jinshan Chemical Warehouse

Australia Portfolio

NEW SOUTH WALES	
1	127 Orchard Road, Chester Hill
VICTORIA	
2	16-28 Transport Drive, Somerton
3	217-225 Boundary Road, Laverton North
SOUTH AUSTRALIA	
4	404-450 Findon Road, Kidman Park
QUEENSLAND	
5	51 Musgrave Road, Coopers Plains
6	203 Viking Drive, Wacol
7	223 Viking Drive, Wacol

Investment Pursuits in FY2017

In January 2017, Cache completed the divestment of Cache Changi Districentre 3 for S$25.5 million to Agility International Logistics Pte. Ltd. The sale price was in line with the independent valuation provided by CBRE Pte Ltd, based on the discounted cash flow and capitalisation valuation methods. The divestment of the property, which has a relatively short remaining land lease of 17 years, is part of Cache's portfolio rebalancing strategy to prudently manage and recycle capital into higher performing assets.

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

Shortly after, in March 2017, Cache reinvested the proceeds from the divestment of Cache Changi Districentre 3 into Australia. It acquired a logistics warehouse located at 217 – 225 Boundary Road, Laverton North, Victoria, Australia for A$22.25 million, in line with the valuation provided by an independent valuer, CIVAS (VIC) Pty Limited, based on the discounted cash flow and capitalisation valuation methods. The warehouse, located within the established industrial suburb of Laverton North and with excellent access to the arterial road transport system, was acquired from Challenger Life CDI Nominees Pty Limited (as trustee for Challenger Diversified Property Trust). The warehouse is 100% leased to Spotlight Pty Ltd, a leading retail chain selling fabric, craft and homeware items with some 130 outlets across Australia, New Zealand and Asia.

Property Valuation

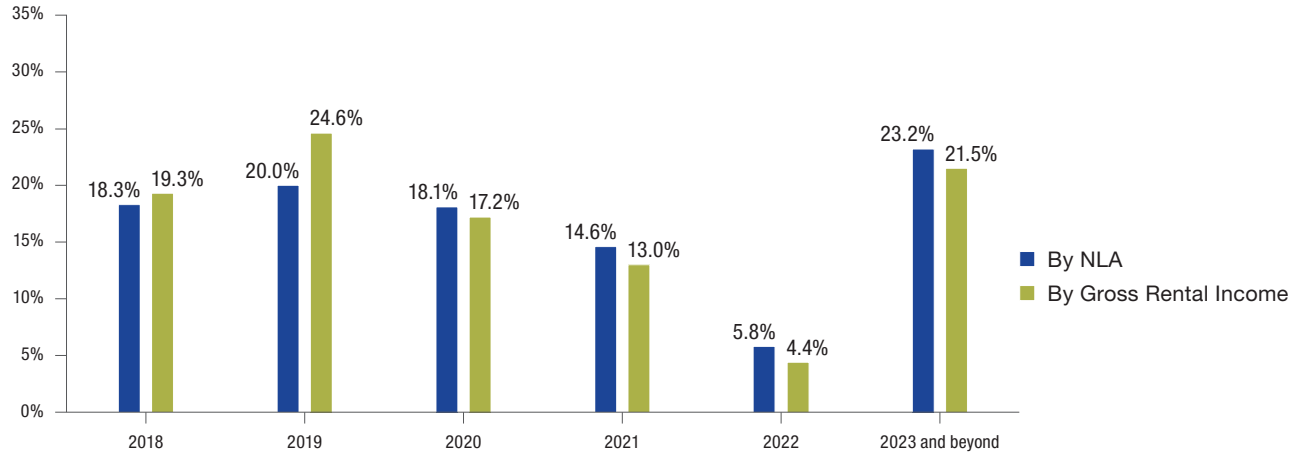
The portfolio was valued at S$1,206.9 million as at 31 December 2017, a drop of S$29.5 million or 2.4% over the total value of investment properties as at 31 December 2016. The downward revaluation was mainly attributable to lower appraised values in the Singapore portfolio valued at S$986.4 million (31 December 2016: S$1,044.0 million[1]). The lower appraised values for those Singapore properties were due to a combination of lower market rental assumptions and shorter balance land tenures[2].

Conversely, the Australian portfolio enjoyed a higher appraised value of A$195.9 million as at 31 December 2017, an increase of A$27.3 million compared to the preceding year. Excluding the warehouse facility at Laverton North which was acquired in FY2017, the six existing Australian property values were up an overall of 2.8% despite a lower valuation for the property located at 51 Musgrave Road, Coopers Plains, Queensland, due to lower market rental assumptions.

Lease Expiry Profile

The portfolio lease expiry profile from FY2018 to FY2023 and beyond, and the lease expiry by property in FY2018 are presented below. Cache's quality portfolio is underpinned by a long WALE and the lease expiry profile is well staggered. The leases due over the next two years in FY2018 and FY2019 account for approximately 19.3% and 24.6% of Cache's Gross Rental Income respectively. More than half of all leases are committed till 2020 and beyond.

Portfolio Lease Expiry Profile



NOTES:

[1] The portfolio valuation as at 31 December 2016 included Cache Changi Districentre 3 which was divested on 23 January 2017.

[2] Save for Cache Cold Centre, Air Market Logistics Centre and DHL Supply Chain Advanced Regional Centre, the Singapore properties experienced a diminution in valuations from FY2016 to FY2017. Please see pages 101–105 for further details on the properties which had diminutions in valuations.

OPERATIONS REVIEW

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 and beyond	Total
Number of leases expiring	14	18	10	7	3	5	57
Total NLA of expiring leases (square feet)	1,298,864	1,423,850	1,283,961	1,039,551	411,231	1,646,582	7,104,039

The table below provides the lease expiries in FY2018 (as at 31 December 2017):

Property	Number of leases expiring	Area of expiring leases (square feet)	Area of expiring leases as % of the property's leased area	Gross Rental Income of expiring leases as % of the property's Gross Rental Income
Pandan Logistics Hub	3	120,179	43%	41%
Cache Cold Centre	3	62,855	25%	26%
Hi-Speed Logistics Centre	2	18,022	8%	8%
Cache Changi Districentre 1	3	282,495	90%	91%
Cache Changi Districentre 2	2	16,898	51%	45%
Commodity Hub	1	798,415	35%	28%
Portfolio Total	**14**	**1,298,864**	**18%**	**19%**

As at 31 December 2017, the WALE of Cache's portfolio stood at 3.4 years by NLA and 3.2 years by Gross Rental Income. The WALE of new leases, based on the date of commencement of the leases, was 3.5 years, and these leases account for approximately 10.0% of the total leases by gross rental income.

	Singapore	Australia	China	Portfolio
WALE by NLA (years)	2.9	4.9	4.5	3.4
WALE by Gross Rental Income (years)	2.9	5.0	4.5	3.2

Portfolio Occupancy

Cache maintained a strong portfolio committed occupancy of 96.6% as at 31 December 2017. This is a testament to its quality portfolio and proactive lease management strategy. The Singapore portfolio's committed occupancy of 96.3% compares favourably with the Singapore industrial warehouse average occupancy rate of approximately 89.1% in the fourth quarter of 2017[1].

	Singapore	Australia	China	Portfolio
Portfolio Committed Occupancy (%)	96.3	97.1	100.0	96.6

NOTE:

[1] JTC Corporation Quarterly Market Report – Industrial Properties – Fourth Quarter 2017.

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Leases secured in FY2017

A total of 22 leases were secured in FY2017, totalling approximately 852,730 square feet or 11.6% of Cache's total NLA. This included approximately 222,150 square feet of renewals for leases due to expire during the year. The tenant/end-user retention rate was approximately 75.0%.

Property	Number of leases secured	Total area of secured leases (square feet)
Cache Cold Centre	1	10,845
51 Musgrave Road, Coopers Plains, Queensland, Australia	4	53,799
Cache Changi Districentre 1	1	34,500
Cache Changi Districentre 2	3	29,626
DHL Supply Chain Advanced Regional Centre	6	25,300
Jinshan Chemical Warehouse	1	145,816
Hi-Speed Logistics Centre	3	23,000
Schenker Megahub	1	439,956
Pandan Logistics Hub	2	89,888
Total	**22**	**852,730**

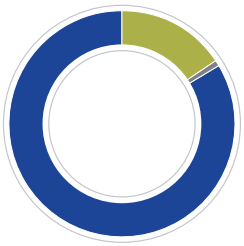
Income and Geographical Diversification

Approximately 16.5% of FY2017 Gross Revenue was derived from Cache's properties outside of Singapore as at 31 December 2017.

The current single-tenant (previously referred to as master lease) agreements in Singapore are structured with predominantly triple-net rental and built-in rental escalations of between 1% and 2% per annum over the lease term. For the Australia portfolio, the single-tenant leases come with built-in annual rental escalations of between 3.25% and 4%, or tied to yearly percentage change in the local Consumer Price Index, whichever is greater.

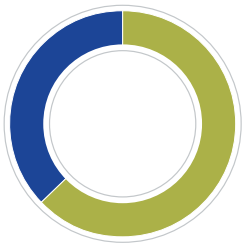
As at 31 December 2017, multi-tenant properties contributed 37.1% of FY2017 Gross Rental Income while single-tenant properties contributed to the remaining 62.9%.

Geographical/Income Diversification
(by Gross Rental Revenue)



Australia	15.6%
China	0.9%
Singapore	83.5%

Lease Structures
(by Gross Rental Income)



Single-tenant	62.9%
Multi-tenant	37.1%

Lease Terms
(by Gross Rental Income)



3 years or less	67.9%
More than 3 years	32.1%

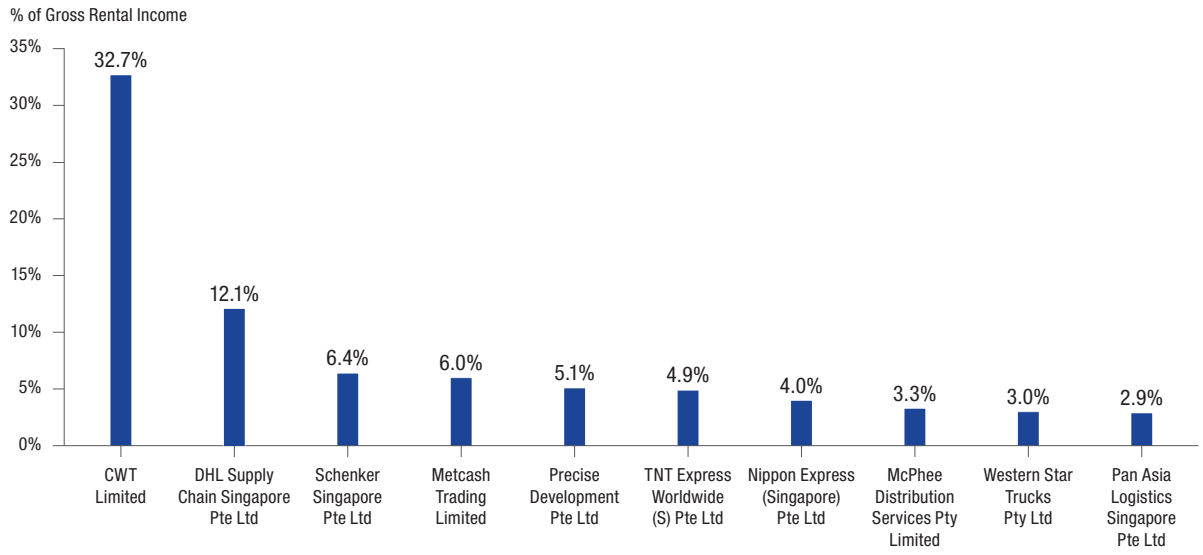
End-User/Customer Diversification

Cache's diversified and high-quality tenant and end-user base, which comes from various industry/trade sectors such as industrial and consumer goods, food and cold storage, materials, engineering and construction, healthcare, automotive, aerospace and e-Commerce, continues to underpin the stability of its operational performance. This diversification across trade sectors enables Cache to mitigate its concentration risk from any single tenant over time.

	Industry/Trade Sectors	% of NLA	% of Gross Rental Income
1	Industrial & Consumer Goods	57.9	56.5
2	Food and Cold Storage	16.0	16.8
3	Healthcare/BioPharmaceuticals	4.7	5.9
4	Aerospace	3.5	4.1
5	Chemicals	2.1	1.0
6	Automotive	3.1	3.0
7	Information Technology	2.1	2.2
8	Materials, Engineering, Construction	8.0	7.7
9	e-Commerce	0.8	0.8
10	Others	1.8	2.0

The rental obligations of its tenants, which are supported by security deposits in the form of cash or bank/corporate guarantees of up to 12 months' rental, averaged 6.8 months in FY2017.

Top 10 Tenants by Gross Rental Income



OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

Freehold/Leasehold Assets

Properties located on freehold land accounted for approximately 22.2% of the portfolio GFA, with the remaining 77.8% on leasehold tenure. The weighted average unexpired land lease tenure as at 31 December 2017 was 43.7 years[1]. Excluding freehold land, the weighted average unexpired lease term for underlying leasehold land (by GFA) was approximately 28.0 years.

Freehold/Leasehold Properties
(by GFA)



Freehold	22.2%
Leasehold	77.8%

Portfolio Rebalancing & Growth Strategy

As part of its portfolio rebalancing strategy, Cache has been increasingly diversifying its portfolio through disciplined acquisitions in Australia and rebalancing it in favour of freehold assets.

In FY2015, Cache acquired six high-quality logistics warehouses in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide. A further acquisition was made in March 2017 for a warehouse in Laverton North, Victoria. Australia is a target investment destination for Cache as the properties are on a freehold land tenure and enjoy a longer WALE, characteristics which provide a good balance to Cache's predominantly Singapore-based portfolio. In addition, the Australia portfolio provides the benefits of income and geographical diversification.

Proposed divestment of Hi-Speed Logistics Centre

In line with the Manager's asset management strategy to rebalance the portfolio and recycle capital into higher-performing assets, Cache announced the proposed divestment of Hi-Speed Logistics Centre for S$73.8 million to AP SG 16 Pte. Ltd. on 18 January 2018. The sale price represents an approximately 7.0% gain over the valuation of the property (based on the discounted cash flow and capitalisation valuation methods) as at 31 December 2017.

Acquisition of a nine-property portfolio in Australia

On 31 January 2018, Cache announced the acquisition of a portfolio of nine logistics properties located in the states of Victoria, New South Wales and Queensland, Australia for a total purchase consideration of A$177.6 million, or approximately S$188.3 million.

The acquisition demonstrates the success of Cache's portfolio rebalancing and growth strategy where capital will be recycled from lesser-performing assets into good quality, income-producing freehold assets in Australia to generate stable, long-term sustainable earnings for Unitholders. The acquisition not only provides income and geographical diversification and enhances Cache's base of high-quality logistics tenants and end users, but also increases the proportion of freehold properties within its portfolio from approximately 22.2% to 35.3%.

The sizable portfolio of nine properties of approximately A$177.6 million would almost double Cache's assets under management in Australia, from A$195.9 million (16.9%) to A$373.5 million (28.1%). Following completion, the Cache portfolio will increase by 15.6% to approximately S$1.4 billion, and the number of assets in Australia will increase from seven to 16.

The acquisition was completed on 15 February 2018.

Portfolio Valuation
(Post completion of acquisition)



Australia	28.1%
China	1.1%
Singapore	70.8%

NOTE:

[1] For the purpose of presentation, freehold properties are computed using a 99-year leasehold tenure.

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OPERATIONS REVIEW

No.	Property Name	Property Feature	Acquisition Date	Valuation (S$ million)[1]	Gross Floor Area (square feet)	2017 Gross Revenue (S$ million)
SINGAPORE						
1	CWT Commodity Hub	Ramp-up	12 April 2010	318.0	2,295,927	30.6
2	Cache Cold Centre	Ramp-up	12 April 2010	130.0	344,681	10.8
3	Schenker Megahub	Ramp-up	12 April 2010	78.5	439,956	7.3
4	Hi-Speed Logistics Centre[2]	Ramp-up	12 April 2010	69.0	308,632	5.5
5	Cache Changi Districentre 1	Ramp-up	12 April 2010	89.9	364,361	8.2
6	Cache Changi Districentre 2	Cargo lift	12 April 2010	16.2	111,359	1.2
7	Air Market Logistics Centre	Cargo lift	19 August 2011	12.0	67,564	1.0
8	Pan Asia Logistics Centre	Ramp-up	30 April 2012	35.4	196,990	3.1
9	Pandan Logistics Hub	Ramp-up	3 July 2012	44.0	329,112	5.1
10	Precise Two	Ramp-up	1 April 2013	43.1	284,384	5.3
11	DHL Supply Chain Advanced Regional Centre	Ramp-up	8 July 2015[3]	150.3	989,260	15.3
11 properties in Singapore				**S$984.4**	**5,732,226**	**93.5**[4]

No.	Property Name	Property Feature	Acquisition Date	Valuation (A$ million)[1]	Gross Floor Area (square feet)	2017 Gross Revenue (S$ million)
AUSTRALIA						
12	127 Orchard Road, Chester Hill, New South Wales	Single-storey	27 February 2015	42.5	278,034	3.6
13	16-28 Transport Drive, Somerton, Victoria	Single-storey	27 February 2015	25.0	229,047	2.0
14	51 Musgrave Road, Coopers Plains, Queensland	Single-storey	27 February 2015	8.1	102,172	0.3
15	203 Viking Drive, Wacol, Queensland	Single-storey	23 October 2015	28.0	143,839	2.5
16	223 Viking Drive, Wacol, Queensland	Single-storey	4 December 2015	10.75	67,555	0.9
17	404-450 Findon Road, Kidman Park, South Australia	Single-storey	18 December 2015	59.0	632,869	6.6
18	217-225 Boundary Road, Laverton North, Victoria	Single-storey	22 March 2017	22.5	223,062	1.6
7 properties in Australia				**A$195.85**	**1,676,579**	**17.5**

No.	Property Name	Property Feature	Acquisition Date	Valuation (¥ million)[1]	Gross Floor Area (square feet)	2017 Gross Revenue (S$ million)
CHINA						
19	Jinshan Chemical Warehouse	Single-storey	15 June 2011	¥78.1	145,816	1.0
1 property in China				**¥78.1**	**145,816**	**1.0**

19 properties in total[5]				**S$1,206.9**	**7,554,621**	**112.0**

NOTES:

[1] The carrying amounts of the investment properties as at 31 December 2017 were based on the independent valuations undertaken by Knight Frank Pte Ltd, CBRE Pte. Ltd., CBRE Limited, CIVAS (NSW) Pty Limited, CIVAS (VIC) Pty Limited, CIVAS (QLD) Pty Limited, CIVAS (SA) Pty Limited. The exchange rates used are S$1.00 = A$0.9578; S$1.00 = ¥ 4.8733.

[2] Includes Hi-Speed Logistics Centre as at 31 December 2017. The proposed divestment of the property was announced on 18 January 2018.

[3] Temporary Occupation Permit (T.O.P.) date.

[4] This includes the Gross Revenue of approximately S$0.1 million attributable to Cache Changi Districentre 3, which was divested on 23 January 2017.

[5] Cache has a 100% interest in all its investment properties.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL REVIEW

Financial Highlights

Financial Year Ended 31 December	FY2016 S$'000	FY2017 S$'000	Change %
Gross Revenue	111,271	111,960	0.6
Property Expenses	(23,257)	(24,669)	6.1
Net Property Income	**88,014**	**87,291**	**(0.8)**
Net Income before tax[1]	**57,556**	**58,042**	**0.8**
Amount Available for Distribution	**69,318**	**66,015**	**(4.8)**
Distribution Per Unit (in Singapore cents)[2]	**7.391**	**6.583**	**(10.9)**
– From Operations	**7.135**	**6.418**	**(10.0)**
– From Capital	**0.256**	**0.165**	**(35.5)**

Cache achieved gross revenue of S$112.0 million for the financial year ended 31 December 2017. The increase in revenue was mainly attributable to the rental top-up in respect of 51 Alps Ave[3] as well as higher contribution from DHL Supply Chain Advance Regional Centre, Cold Centre and the Australian portfolio, offset by lower contribution by Changi Districentre 2 and the divestment of Changi Districentre 3. NPI fell marginally by 0.8% to S$87.3 million over the corresponding period last year. The lower NPI was mainly due to the conversion of certain properties from master leases to single/multi-tenancies, resulting in higher property-related expenses.

Property expenses for the year ended 31 December 2017 totalled S$24.7 million, an increase of S$1.4 million, or 6.1% from the same period last year. The increase was mainly due to higher expenses from land rent, property tax, property maintenance, lease commission and other property expenses as a result of the conversion of some properties from master lease triple-net rent structure to single-tenant / multi-tenant rent structure during the year.

Net financing costs for the full year ended 31 December 2017 were S$18.6 million, a 4.6% decrease from the same period last year. The decrease was mainly due to the partial repayment of the Singapore-dollar term loan with proceeds from the Rights Issue which was completed in October 2017[4], as well as interest savings from the refinancing of a S$90 million unsecured term loan in December 2016.

Net income before tax was higher by 0.8% at S$58.0 million as compared to the same period last year mainly due to a higher revenue and lower financing costs.

Income Available for Distribution for the year ended 31 December 2017 was S$66.0 million, a decrease of S$3.3 million, or 4.8% from the last financial year. The DPU fell by 10.9% year-on-year ("YoY") to 6.583 cents mainly due to an enlarged Units base post the Rights Issue, as well as a lower capital distribution from the remainder divestment proceeds from Kim Heng Warehouse[5]. Excluding the effects of the Rights Issue, the DPU would have fallen by a lower 6.2% year-on-year.

Cache currently distributes 100% of its taxable and tax-exempt income.

NOTES:

[1] Excludes net change in fair value of investment properties and financial derivatives.

[2] As reported and recomputed. Disregarding the effects of the Rights Issue, the actual DPU received was 7.725 cents in FY2016 and 6.738 cents in FY2017.

[3] In relation to the lease at 51 Alps Ave, Singapore, an amicable resolution to the legal proceedings was reached on 31 October 2017. Cache received a lump-sum payment of S$8.2 million ("Relevant Sum"), part of which was included in the rental top-up amount in 4Q FY2017.

[4] Cache launched a renounceable Rights Issue to raise gross proceeds of approximately S$102.7 million on 4 September 2017. The new Units were issued on 9 October 2017.

[5] The divestment of Kim Heng Warehouse located at 4 Penjuru Lane, Singapore was completed in June 2015.

Balance Sheet

	FY2016 S$'000	FY2017 S$'000
Investment Properties	1,236,175[1]	1,206,913[2]
Total Assets	**1,258,306**	**1,228,951**
Debt, at amortised cost	(538,865)	(444,663)
Total Liabilities	**(557,168)**	**(463,283)**
Net assets attributable to Unitholders	701,138	765,668
Net Asset Value per unit	**0.78[3]**	**0.72[4]**

Total Assets and Net Asset Value

The total assets of Cache dropped marginally by 2.3% or S$29.4 million to S$1.23 billion as at 31 December 2017 as compared to the same period last year. The decrease was mainly due to the downward revaluation of the Singapore portfolio. Investment properties were valued at S$1,206.9 million as at 31 December 2017 (31 December 2016: S$ S$1,236.4 million).

Net assets attributable to Unitholders increased to S$765.7 million as at 31 December 2017 (31 December 2016: S$701.1 million) mainly due to the proceeds from the Rights Issue, offset by a downward revaluation in the Singapore Property portfolio. The net asset value of Cache fell to S$0.72 per unit from S$0.78 per unit due to an enlarged Units base.

NOTES:

[1] Includes Cache Changi Districentre 3, which was classified as "Asset Held for Sale".

[2] Includes Hi-Speed Logistics Centre, which was classified as "Asset Held for Sale".

[3] Based on 900,450,086 issued units.

[4] Based on 1,069,700,408 issued units.

OPERATIONS AND FINANCIAL REVIEW

CAPITAL RESOURCES

Overview

The Manager continues to maintain a prudent capital structure and sufficient financial flexibility to facilitate access to capital resources at a competitive cost. The Manager proactively manages Cache's cash flow, debt maturity profile, hedging profile and liquidity needs.

Funding Sources

Cache has access to diversified sources of funding, including debt capital markets, equity capital markets and bilateral bank loan facilities. The Manager maintains strong, diversified banking relationships with reputable banks in the markets in which it participates. This facilitates Cache's ability to access different capital resources efficiently.

Cache successfully completed a fully underwritten and renounceable Rights Issue of 162.6 million units to raise gross proceeds of S$102.7 million in October 2017. S$99.9 million of the gross proceeds (equivalent to 97.3% of the gross proceeds) was used to repay borrowings and S$2.8 million has been utilised to pay underwriting fees and other associated costs (equivalent to 2.7% of the gross proceeds). The Manager has fully disbursed the gross proceeds from the Rights Issue in accordance with the stated use.

In addition to the Rights Issue, Cache established a S$1.0 billion multi-currency debt issuance programme on 30 November 2017. With the programme in place, Cache subsequently issued S$100.0 million 5.5% subordinated perpetual securities in the first quarter of 2018. As announced on 1 February 2018, the proceeds from the issuance was used in combination with a new S$110.0 million 5-year unsecured term loan facility, to acquire a portfolio of nine warehouses in Australia.

	Type	Capacity (S$ million)	Amount Utilised (S$ million)	% Utilised
Revolving Credit Facility	Secured	65.0	–	0%
Bank Borrowings	Unsecured	106.7	106.7	100%
Bank Borrowings	Secured	340.0	340.0	100%

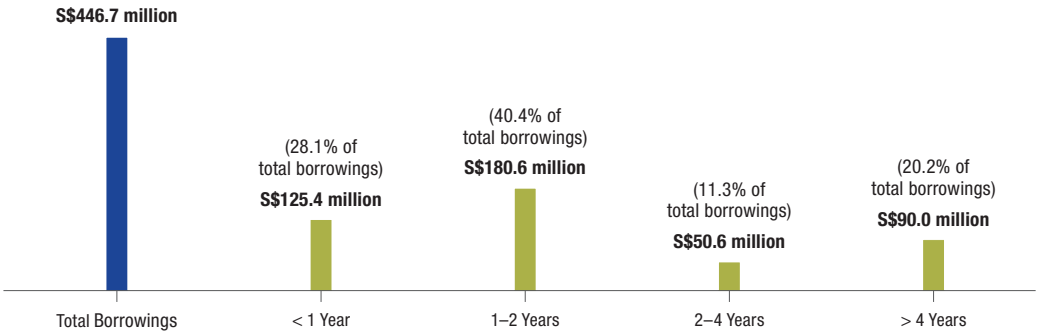
Cache's total debt stood at S$446.7 million as at 31 December 2017, comprising S$106.7 million in unsecured bank borrowings and S$340.0 million in secured bank borrowings. Approximately S$125.4 million (28.1% of total borrowings) will mature in the next 12 months.

Debt Maturity Profile as at 31 December 2017 [1]

Maturity Date	S$'000	% of total borrowings
Due in 2018	125,423	28.1%
Due in 2019	180,592	40.4%
Due in 2020	50,639	11.3%
Due in 2021	90,000	20.2%
	446,654	**100.0%**

NOTE:

[1] Based on an exchange rate of S$1.00 = A$0.9578



Aggregate Leverage

As at 31 December 2017, the aggregate leverage ratio was 36.3% (31 December 2016: 43.1%) and the interest cover ratio remained healthy at 4.2 times (31 December 2016: 4.0 times). The weighted average debt maturity was 2.0 years as at 31 December 2017 (31 December 2016: 2.8 years).

Hedging Profile

Cache continues to mitigate the impact of interest rate fluctuations on its distribution income by hedging approximately 76.8% of Cache's total borrowings into fixed rates as at 31 December 2017. Approximately 90.5% of the Singapore-dollar borrowings and 50.0% of the onshore Australian-dollar borrowings were hedged into fixed rates. The fair value of these derivative financial instruments was 0.26% (31 December 2016: 0.28%) of the net assets of the Group.

Cache addresses its foreign currency exposure for its assets and liabilities in other currencies by borrowing in the same currency to provide a natural currency hedge. As at 31 December 2017, the Australian-dollar borrowings amounted to approximately 55.0% of the Australian portfolio valuation. About 94.3% of Cache's distributable income has been hedged into or was derived in Singapore dollars, representing minimal exposure to foreign currency risk.

Cache will continue to keep a close vigilance on the foreign exchange and interest rate markets with the objective of minimising foreign currency and interest rate risks.

Corporate Liquidity and Capital Resources

Financial Year Ended 31 December	FY2016 (S$ million)	FY2017 (S$ million)
Financial Resources and Liquidity		
Total borrowings [1]	542.5	446.7
Undrawn Revolving Credit Facility ("RCF") [2]	60.0	65.0
Cash and cash equivalents	13.6	15.0
Total available undrawn RCF and cash	73.6	80.0
Weighted Average Debt Maturity	**2.8 years**	**2.0 years**
Aggregate Leverage Ratio	**43.1%**	**36.3% [3]**
Average All-in Cost of Financing	**3.60%**	**3.56%**
Interest Cover Ratio	**4.0 times**	**4.2 times**

NOTES:

[1] Outstanding interest-bearing borrowings exclude unamortised loan transaction costs.

[2] The RCF is a component of the existing S$400 million club loan facility.

[3] The aggregate leverage will be reduced to 32.4% if proceeds from the divestment of Hi-Speed Logistics Centre were applied towards the repayment of debt as at 31 December 2017.

RISK MANAGEMENT

The Manager is responsible for formulating and implementing the risk management policies and procedures for identifying, assessing, managing, monitoring and reporting of risks with the oversight of the Board. Key risks, process owners, risk factors, mitigating actions and risk indicators are continually identified, assessed and monitored as part of Cache's enterprise-wide risk management ("ERM") framework, which is adapted from The Committee of Sponsoring Organizations of the Treadway Commission ("COSO model"). The ERM framework, together with the internal control activities, aims to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses. In addition, the internal auditors appointed for Cache (the "Internal Auditors") perform a regular review of Cache's risk profile as part of the internal audit plan approved by the Audit Committee.

Key Risks & Mitigating Actions in FY2017

Operational Risk: The Manager has in place a monitoring framework to manage its day-to-day activities and mitigate operational risks. These include periodic meetings to identify potential operational risks, reviewing and resolving operational issues. Cache strictly adheres to a set of agreed Standard Operating Procedures ("SOPs") to identify, monitor and manage operational risks. The SOPs are reviewed periodically to ensure their relevance and effectiveness. In addition, compliance is reinforced by staff training. Internal audits are also carried out periodically to review compliance with SOPs, and identify and rectify any lapses in procedures. The Property Manager also conducts regular site inspections, audits and monthly reviews to ensure safety of tenants, employees and visitors.

A Business Continuity Plan is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. In addition, Cache's properties are professionally managed and properly insured in accordance with current industry practices.

Leasing Risk: The Manager employs a good mix of proactive leasing strategies, including proactively engaging tenants, spreading out the portfolio lease expiry profile, achieving a diversified tenant base to reduce concentration risk, engaging industry marketing experts to assist in leasing, working closely with its Sponsor and their team to address lease expiries, and providing custom-made real estate logistics solutions to existing and prospective tenants.

Investment Risk: Each new investment opportunity is subject to a rigorous, disciplined and thorough evaluation process based on an extensive set of investment criteria including, but not limited to, alignment with Cache's investment mandate, asset quality, market valuation, yield accretion, expected returns, professional third-party due diligence, tenant's credit standing, future growth potential and sustainability of asset performance, as well as asset enhancement potential, taking into account the existing economic and financial market conditions.

Financial Related Risks: The Manager maintains an efficient use of cash and debt facilities to ensure sufficient liquidity to finance its operations and meet its financial obligations, working capital and capital expenditure commitments. The Manager also adheres closely to the covenants in loan agreements and the property fund guidelines in the Code on Collective Investment Schemes issued by the MAS. The Manager will continue to proactively manage the capital structure by ensuring its debt maturity profile is spread out without major concentration of debt maturing in a single year.

Interest rate risk is managed on an ongoing basis, primarily by way of interest rate swaps, with the objective of limiting Cache's exposure to adverse movements in interest rates.

Foreign exchange risk is managed for assets and liabilities in other currencies by means of borrowing in the same currency to provide a natural hedge, with cost, tax and other applicable considerations in place. To mitigate foreign exchange risk, a significant portion of the net earnings received from its overseas portfolio is hedged and secured in Singapore-dollar terms.

Credit risk is mitigated by conducting rigorous due diligence and periodic tenant credit assessments. For new leases, credit evaluation is performed, and tenant credit and arrears are closely monitored by the Manager on an ongoing basis. Credit risk is further mitigated through the upfront collection of security deposits from tenants of up to 12 months' rental.

Compliance Risk: Cache is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code on Collective Investment Schemes and tax rulings issued by the Inland Revenue Authority of Singapore, as well as other building safety and fire regulations. Any changes to these regulations may affect Cache's operations. Cache has put in place policies and procedures to facilitate compliance with the applicable laws and regulations.

Human Capital Risk: Human capital risk is mitigated by maintaining a robust human resource policy which includes careful screening of staff, fair and reasonable remuneration in line with industry conditions, personal development and training opportunities to attract and retain talent.

Please also refer to Principle 11 of the Corporate Governance report for further information.

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

1 Overview of Singapore Economy

1.1 Singapore Economic Performance

According to the Ministry of Trade and Industry ("MTI"), Singapore's GDP grew by 3.6% annually for the whole of 2017, higher than the 2.4% recorded in 2016 (Exhibit 1-1). All major sectors experienced growth, with the exception of the construction sector, which saw a decline of 8.4%. The main contributors were manufacturing, finance and insurance, as well as wholesale and retail trade. This performance was supported by an overall upswing in global economic growth, from a surge in demand for electronic gadgets.

The service-producing industries contributed to 71.3% of nominal value-added share (VA) in 2017, translating to an expansion of 2.8%. Among the services sectors, the transportation and storage and finance and insurance sectors experienced the greatest growth rate, at 4.8% each. For the former, this was higher than the 1.3% growth registered in 2015, largely driven by the water transport and air transport segments as a result of increase in sea cargo and air passengers.

After two years of negative inflation, Singapore finally saw an inflation of 0.6% in 2017. This was largely attributed to the relatively high inflation seen in the transport industry, which rose by 2.6% year-on-year (y-o-y).

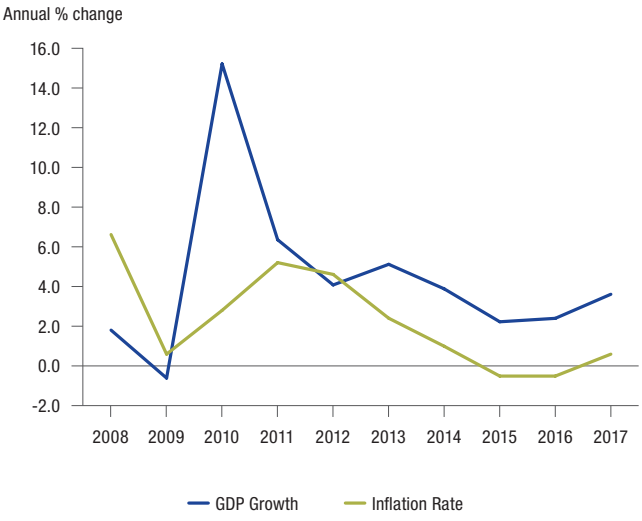
1.2 Manufacturing Sector

According to Singapore's Index of Industrial Production, the manufacturing sector saw an expansion in output by 10.1% annually in 2017, continuing from its climb of 3.7% in 2016. For the whole of 2017, output for the electronics, precision engineering and chemicals clusters rose by 33.5%, 17.8% and 6.2% respectively compared to 2016.

Conversely, output for the general manufacturing, transport engineering and biomedical manufacturing clusters fell by 1.6%, 6.9% and 9.3% respectively in 2017 compared to 2016.

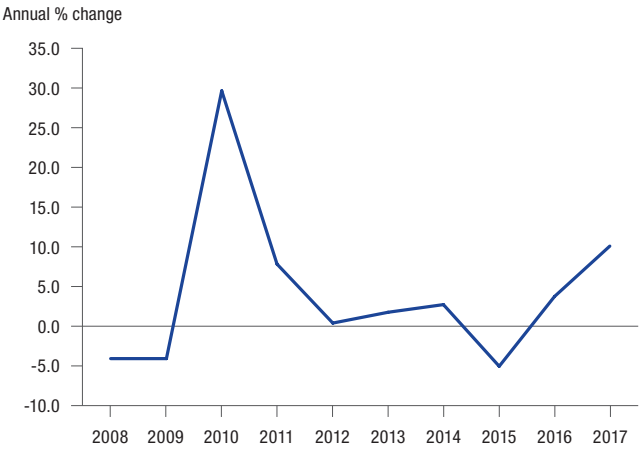
Singapore received close to S$6.2 billion in total manufacturing fixed asset investment ("FAI") in the whole of 2017, 5.5% higher than the S$5.9 billion for 2016 (Exhibit 1-3). The increase in investment was mainly attributed to the general manufacturing industries and precision engineering clusters, which witnessed 387.7% and 50.0% growth to reach S$1.1 billion and S$0.6 billion of FAI. The biomedical manufacturing and chemicals clusters also picked up by 9.1% and 4.6% to register S$0.6 billion and S$1.3 billion of FAI respectively. On the other hand, the transport engineering and electronics clusters experienced a decline of 65.4% and 5.2% over the same period. Nonetheless, at S$2.1 billion, the chemicals cluster still made up 34.1% of total FAI.

Exhibit 1-1: Singapore GDP Growth and Inflation Rate, 2008 to 2017



Source: MTI (as at 14 February 2018), Singstat, Knight Frank Consultancy & Research

Exhibit 1-2: Change in Singapore Index of Industrial Production, 2008 to 2017

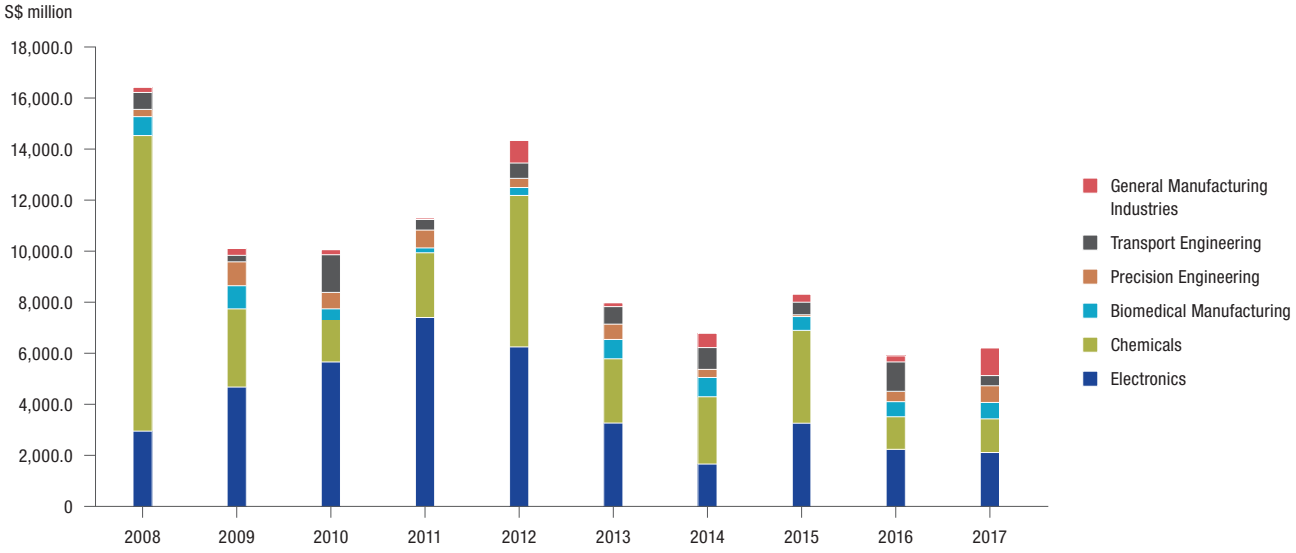


Source: Singstat, Knight Frank Consultancy & Research

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

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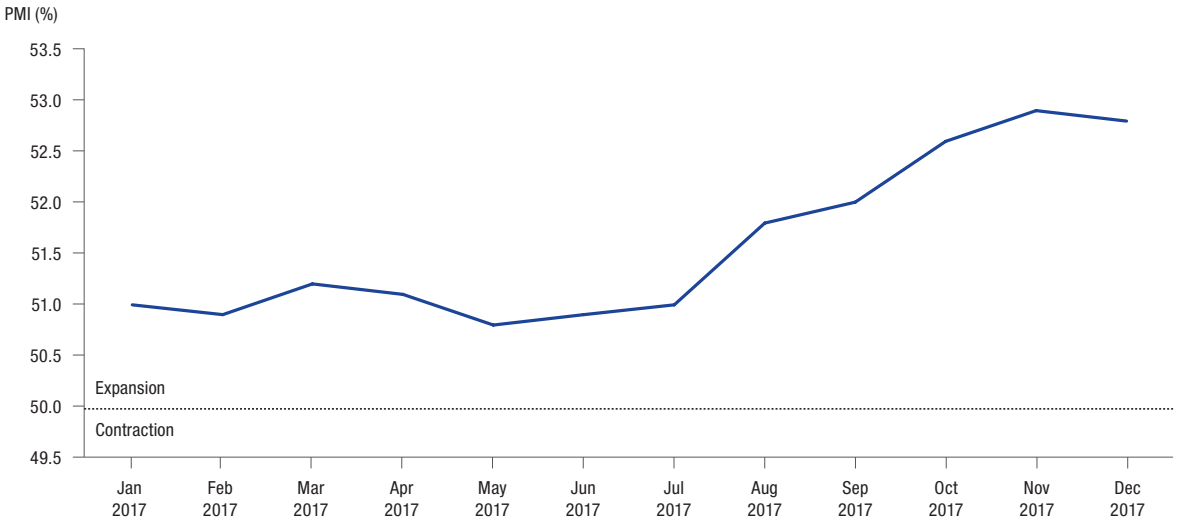
Exhibit 1-3: Total Manufacturing FAI, 2008 to 2017



Source: Economic Development Board ("EDB"), Knight Frank Consultancy & Research

The Singapore Purchasing Managers' Index ("PMI") improved from 51.0 in January 2017 to 52.8 in December 2017. By the end of 2017, the PMI had recorded its 16th month of consecutive expansion; the marginal lower reading in December 2017 was attributed to a slower rate of expansion in factory output and inventory, but supported by a slightly faster rate of expansion in new orders, new exports and employment.

Exhibit 1-4: Singapore PMI from January to December 2017



Source: Singapore Institute of Purchasing & Materials Management ("SIPMM"), Knight Frank Consultancy & Research

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

1.3 Singapore Economic Outlook for 2018

Singapore saw a moderate GDP growth of 3.6% in 2017; this was mainly driven by expansion of the manufacturing sector, which is expected to continue, albeit at a slower pace. While the growth of the services sector lagged that of the manufacturing sector in 2017, its contribution to the overall growth is likely to be more balanced this year. Services sectors that are supported by external demand such as finance and insurance and transportation and storage are projected to see improvement in 2018, though growth is also likely to ease.

Global growth is expected to improve marginally in 2018; robust economic prospects in the US and certain emerging markets are likely to meet with slowdown in China, ASEAN-5 and the Eurozone, which make up some of Singapore's key external demand markets. The potential steadfast recovery of the US's economy brings with it the possibility of a faster-than-expected normalisation of monetary policy, and this tightening on liquidity could hurt business and consumer confidence on a global level. In addition, political uncertainty, such as the US's trade protectionist stance as well as geopolitical tensions in North Korea, is expected to weigh on economic and global trade sentiments.

Nonetheless, the potential sustained growth in the global economy in 2018 will benefit Singapore's export-oriented services such as transportation and storage as well as finance and insurance. On the domestic front, with government policies such as Smart Nation initiatives and expansion in healthcare facilities, sectors such as information and communications, education, health and social services should remain resilient. However, the construction sector is likely to remain lacklustre, at least for the first half of 2018, due to weak construction demand, especially in the private construction segments. In addition, a modest outlook is expected for the marine and offshore engineering segment on the back of a low oil price environment coupled with excess capacity in the offshore rig market.

In light of these factors, Singapore's economic expansion is projected to moderate this year and growth is expected to be between 1.5 to 3.5%. The manufacturing surge witnessed in 2017, propelled mainly by trade-related industries as a result of resurgent global demand, is likely to taper off. Nonetheless, the sector will continue to be supported by emerging technology trends such as the advancement of 'Internet of Things'. External demand is also likely to fuel the growth of the services industries. Construction, which has underperformed last year, should get a boost from the S$1.4 billion worth of public sector contracts brought forward as well as a stream of progress payments from earlier rail-related contracts awarded in 2016. With the services sector stepping up and construction decline bottoming out amidst growth moderation in manufacturing, the engines of economic growth should be well balanced this year.

2 Singapore Government Policies on Industrial Property Market

2.1 Industrial Government Land Sales ("IGLS") Programme

The IGLS programme listed a total of 13 industrial sites in H1 2018 with a combined site area of 12.6 ha, which is relatively lower than the 13.9 ha of industrial site area listed for H2 2017. Of the listed sites under IGLS H1 2018, six sites are placed under the Confirmed List while the remaining seven sites are on the Reserve List, totalling about 0.8 million square feet and 1.5 million square feet of future potential industrial space respectively. All the sites on the confirmed list are zoned 'Business 2' for heavier industrial use, with half of them (totalling 1.68 ha site area) located in Tuas South. As the Singapore government strives to keep up with the constantly evolving industrial sector, as well as to keep business cost competitive, sites with shorter lease tenures of between 20 and 30 years are launched.

A total of 10 IGLS sites were sold for the whole of 2017, amounting to a transaction value of S$34.4 million, which is about 53.3% lower compared to S$73.7 million (12 sites sold) in 2016. On average, each site received about 3.3 bids in 2017, slightly lower than the 3.5 bids in 2016.

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

Exhibit 2-1: Industrial Government Land Sales for H1 2018

Industrial Government Land Sales ("IGLS") – H1 2018					
Location	**Site Area (ha)**	**Zoning**	**Gross Plot Ratio**	**Tenure (years)**	**Estimated Launch Month**
Confirmed List of Industrial Sites					
Plot 18, Tuas South Link 3	0.42	B2	1.4	20	Available
Plot 21, Tuas South Link 3	0.78	B2	1.4	20	February 2018
Woodlands Industrial Park E7/E8	0.88	B2	2.5	20	March 2018
Plot 26, Tuas South Link 3	0.47	B2	1.4	20	April 2018
Plot 10, Tampines Industrial Drive	0.47	B2	1.4	20	May 2018
Plot 2, Tanjong Penjuru	0.88	B2	2.5	20	June 2018
Total	**3.91**				
Reserve List of Industrial Sites					
Plot 13, Tuas South Link 1	2.40	B2	2.0	30	Available
Braddell Road	1.00	B1	2.5	30	Available
Plot 19, Tuas South Link 3	0.45	B2	1.4	20	March 2018
Plot 20, Tuas South Link 3	0.44	B2	1.4	20	April 2018
Yung Ho	1.26	B2	2.5	30	May 2018
Gul Circle	1.00	B2	1.4	20	June 2018
Woodlands Avenue 12	2.10	B2	2.5	30	June 2018
Total	**8.65**				

Source: MTI, Knight Frank Consultancy & Research, as at 5 February 2018

2.2 Consolidation of HDB industrial land and properties under JTC with effect from 1 January 2018

With effect from 1 January 2018, JTC officially assumed full ownership over all the public sector industrial land and properties in Singapore, and this includes about 10,700 industrial units and 540 industrial leases that were previously under HDB's ownership. The consolidation of all public sector industrial land and properties under a single government agency will enable the Government to better support industrialists, in particular the small and medium enterprises ("SMEs"), in their business growth.

The move enables the Government to undertake more comprehensive master-planning of industrial estates across Singapore, as well as to facilitate more efficient clustering of complementary activities and integration of activities along the value chain. With the consolidation, some 16,300 industrial units and 3,640 land leases with total land area of 8,100 hectares will be brought under JTC's fold[1].

NOTE:

[1] *Source: The Business Times: 'All HDB Industrial Space to be under JTC by Q1 2018', 20 October 2016.*

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

2.3 Waiver of minimum building specification requirements for small IGLS plots

With effect from 1 July 2017, minimum building specification requirements, such as the provision of a minimum number of goods lifts and loading bays, are waived for smaller IGLS plots (i.e. plots with less than 1 ha land size). Where such plots are typically meant for end-users' own operations, such a waiver will allow for greater operational flexibility. Furthermore, to ensure that smaller IGLS plots are used primarily for end-users' own operations, successful tenderers (or subsequent owners) will also not be allowed to strata subdivide developments for sale throughout the full tenure period. These rules are part of the government strategies to cater more for the business needs of real occupiers and end-users while clamping down on speculative and investment purchase of industrial land to regulate and stabilise the market.

2.4 Industry Transformation Map for the Logistics Sector

As part of the government's strategic move to propel and transform Singapore over the next few years, the S$4.5 billion Industry Transformation Map ("ITM") was introduced in Budget 2016. It encompasses an integrated, targeted and industry-focused approach to develop the respective industries by capitalising on their existing strengths, addressing the underlying issues, identifying challenges, threats and opportunities, as well as deepening partnerships between the various industry stakeholders in the likes of government, firms, industries, trade associations and chambers. For the logistics sector, it is categorised under the "Trade & Connectivity" cluster alongside the other sectors such as air transport, sea transport, land transport and wholesale trade.

Under the logistics ITM, the key objective is to augment Singapore's position as a leading global logistics hub through operational excellence and innovation. With the growing Asia economy and emerging global trends in additive manufacturing and omni-channeling, the logistics ITM has formulated strategies at the enterprise and national levels. While the former places emphasis on catalysing the enterprises' drive towards productivity and innovation, the latter focuses on developing strong local talent and the enterprise base, improving the islandwide logistics system, as well as strengthening the trade associations in Singapore. This would facilitate and foster cross-border trade relationships and attract both local and global investments, which will buttress Singapore's positioning as a leading logistics hub on the global platform.

3 Review of Warehouse Market Segment

3.1 Supply, Demand and Occupancy

As of the last quarter in 2017, the existing stock of warehouse space totalled 10.4 million square metres of net lettable area ("NLA"), an increase of 10.2% y-o-y from the preceding year (i.e. Q4 2016). Most of the warehouse space is based in the West planning region (62.5%), while the rest of the stock is distributed across the East (16.4%), Central (12.4%), North (4.9%) and North-East (3.8%) regions.

Net new supply of warehouse space increased by 65.3% y-o-y to reach 964,000 square metres in 2017. This is more than double the ten-year average annual net new supply of 417,000 square metres between 2008 and 2017.

Net new demand of warehouse space totalled 801,000 square metres in 2017. This is about two times more than the figure registered in 2016 (372,000 square metres), as well as the ten-year average annual net new demand between 2008 and 2017 (357,000 square metres). Despite the improvement in demand, the large injection of new warehouse space in the market resulted in a 0.6 pt decline in the islandwide occupancy of warehouse space from 89.7% in 2016 to 89.1% in 2017.

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

Exhibit 3-1: Selected Major Warehouse Completions in 2017

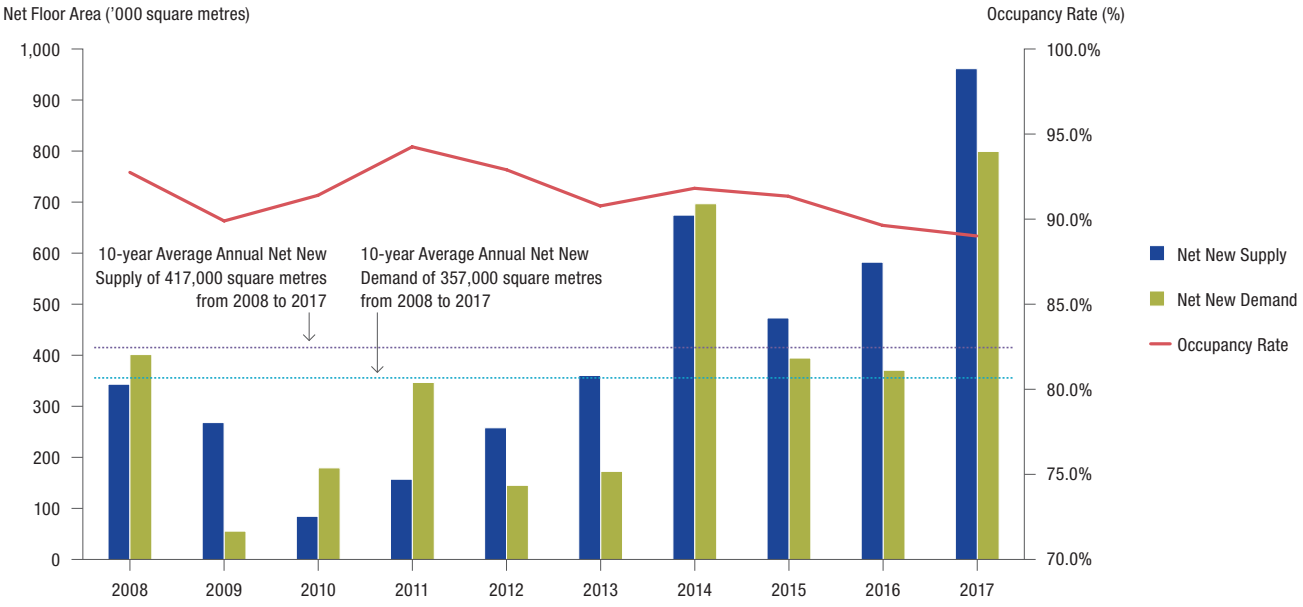
Development	Location	Region	Developer	Approximated GFA square metres
Q1 2017				
Warehouse development	36 Penjuru Lane	West	Asia Enterprises (Private) Limited	21,700
Single-user development	12 Woodlands Link	North	Sing Long Foodstuff Trading Co Pte Ltd	18,400
Q2 2017				
Carros Centre	60 Jalan Lam Huat	North	Kranji Development Pte Ltd	108,400
Warehouse development	60 Pioneer Road	West	Toll Logistics (Asia) Ltd	101,000
Hankyu Hanshin Logistics Centre	38 Jalan Buroh	West	Hankyu Hanshin Express (Singapore) Pte Ltd	47,900
Q3 2017				
I-Hardware Centre	2 Soon Lee Road	West	Lian Hock Hardware Industries Pte Ltd	18,000
Single-user industrial development	24 Leng Kee Road	Central	Wealth Assets Pte Ltd	16,400
Single-user industrial development	8 Tuas Avenue 20	West	HSBC Institutional Trust Services (Singapore) Limited	14,800
Warehouse development	30 Pandan Road	West	Francois Marine Services	11,800
Q4 2017				
CWT Distripark	47 Jalan Buroh	West	CWT Limited	222,000
Warehouse development	20 Penjuru Lane	West	Euro-Asia Investment Pte Ltd	80,200
Mapletree Pioneer Logistic Hub	76 Pioneer Road	West	HSBC Institutional Trust Services (Singapore) Limited	71,500
Single-user industrial development	27A Tanjong Penjuru	West	Trans Eurokars Pte Ltd	39,900
Warehouse development	39 Benoi Road	West	GKE Warehousing & Logistics Pte Ltd	39,800
TAC Warehouse	4 Tuas South Street 11	West	Tiong Aik Construction Pte Ltd	10,000

Source: JTC, Knight Frank Consultancy & Research

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

Exhibit 3-2: Net New Supply, Net New Demand and Occupancy of Warehouse Space

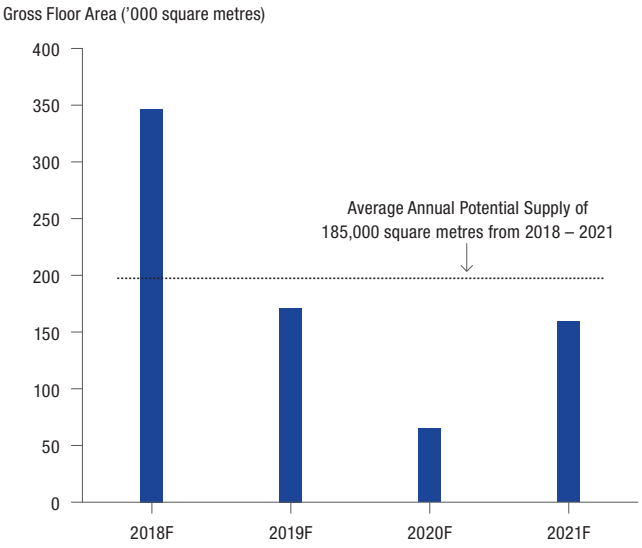


Source: JTC, Knight Frank Consultancy & Research

3.2 Potential Supply

As at the last quarter of 2017, about 741,000 square metres of new warehouse space is slated for completion between 2018 and 2021, of which about 46.7% (346,000 square metres) is expected to be ready by end of 2018; this is 86.8% more than the average annual potential supply (2018 – 2021) of 185,000 square metres.

Exhibit 3-3: Potential Supply of Warehouse Space



Source: JTC, Knight Frank Consultancy & Research

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

Exhibit 3-4: Selected Upcoming Major Warehouse Completions in 2018

Development	Location	Region	Developer	Approximated GFA (square metres)
Single-user industrial development	Tuas West Drive	West	Peck Tiong Choon (Private) Limited	19,000
Warehouse development	Tuas Avenue 1	West	HSBC Institutional Trust Services (Singapore) Limited	44,540
Warehouse development	Tuas South Avenue 14	West	Diamond Land Pte Ltd	65,350
Poh Tiong Choon Logistics Hub	Pandan Road	West	Poh Tiong Choon Logistics Limited	50,930

Source: JTC, Knight Frank Consultancy & Research

3.3 Rents

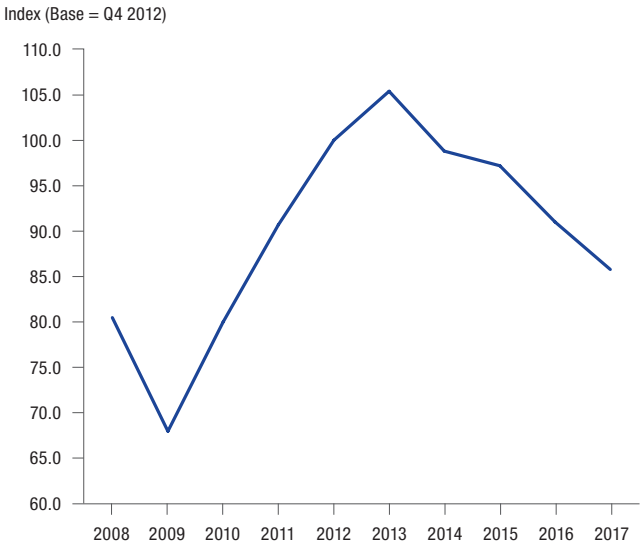
As at the last quarter of 2017, JTC rental index of warehouse declined by 5.7% y-o-y over the same period.

Despite signs of a gradual recovery in demand for warehouse space, the surplus supply of warehouse accumulated over the past few years may take some time to be absorbed. Furthermore, on the back of the evolving requirements of industrial space specification as technology, productivity and operational efficiency took precedence, the older warehouse space has to contend with the rising competition from new warehouse spaces and this weakened the rents for these spaces as opposed to the newer developments.

3.4 Investment Sales

For the first half of 2017, the investment sales for private warehouse properties totalled S$122 million, and this surged to about S$1.2 billion worth of investment sales value in the second half of the year. Total investment sales of private warehouse amounted to approximately S$1.4 billion [1] for the whole of 2017.

Exhibit 3-5: JTC Rental Index of Warehouse Space



NOTE:

- JTC rental index is based on private warehouse rental transactions.

Source: JTC, Knight Frank Consultancy & Research

NOTE:

[1] Information accurate as at 5 February 2018.

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

Exhibit 3-6: Selected Major Private Warehouse Investment Sales in 2017

Key Private Warehouse Investment Sales in 2017						
Quarter	Property	Location	Tenure	Purchaser	GFA (square feet)	Price (S$)
Q1 2017	6 Chin Bee Avenue	6 Chin Bee Avenue	N.A.	Viva Industrial Trust	3,489,290	96,800,000
Q1 2017	20 Toh Tuck Road	20 Toh Tuck Road	N.A.	MSS Toh Tuck Pte Ltd	N.A.	14,250,000
Q1 2017	21 Senoko South Road	21 Senoko South Road	N.A.	Jia Yi Construction Pte Ltd	N.A.	10,500,000
Q3 2017	Fabristeel Factory	9 Tuas Ave 10	N.A.	N.A.	N.A.	86,000,000
Q3 2017	7 Playfair Road	7 Playfair Road	Freehold	N.A.	N.A.	17,250,000
Q4 2017	239 Pandan Loop	239 Pandan Loop	Freehold	N.A.	N.A.	17,250,000
Q4 2017	10A Jalan Ampas	10A Jalan Ampas	Freehold	N.A.	N.A.	16,000,000

NOTES:

To be considered as private investment sales under Knight Frank Research definition, it must fulfil either one of the following pre-requisites:

- Investment transactions should comprise an entire building or property with a total worth of S$10 million and above; OR
- Any bulk sales within a development which amounts to S$10 million or more

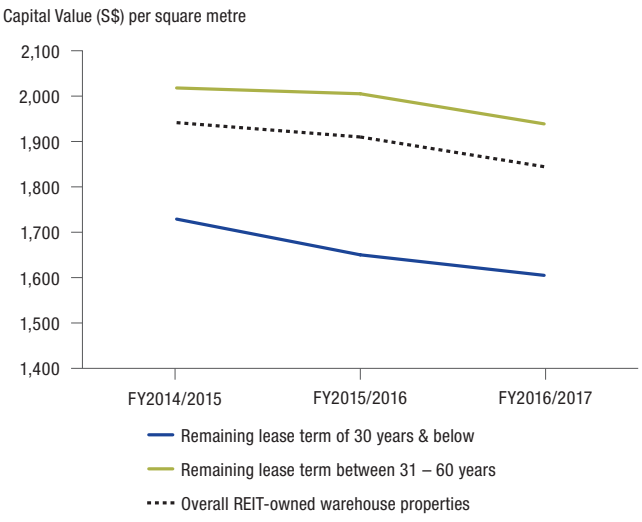
* Figures stated are Net Lettable Areas

Source: JTC, Knight Frank Consultancy & Research

3.5 Capital Value

The average capital value by net lettable area (S$ square metres) of private warehouse properties owned by Singapore-listed Real Estate Investment Trusts ("REITs") saw an annual downward adjustment by 3.5% to reach S$1,843 per square metre in FY 2016/2017 compared to FY 2015/2016 (S$1,910 per square metre). In the same period, REIT-owned warehouse properties with remaining lease term of between 31 – 60 years saw a larger annual decline in their average capital value per square metre by 3.4% compared to those with less than 30 years of remaining lease term (-2.8%). This trend could be attributed to lower rents and an influx of new warehouse space for the past two years. In the face of higher competition as new supply of warehouse comes onstream in 2018, it would be imperative for landlords owning older warehouse buildings to undertake asset enhancements.

Exhibit 3-7: Average Capital Value of REIT-owned warehouse properties, FY 2014/2015 – FY 2016/2017



NOTES:

- The average capital value of each REIT-owned warehouse is derived and sorted into the respective lease term categories.
- For warehouse properties with only publicly available gross floor area figures, an assumption of 75% efficiency factor is applied to derive their respective net floor areas.

Source: Annual Reports, Knight Frank Consultancy & Research

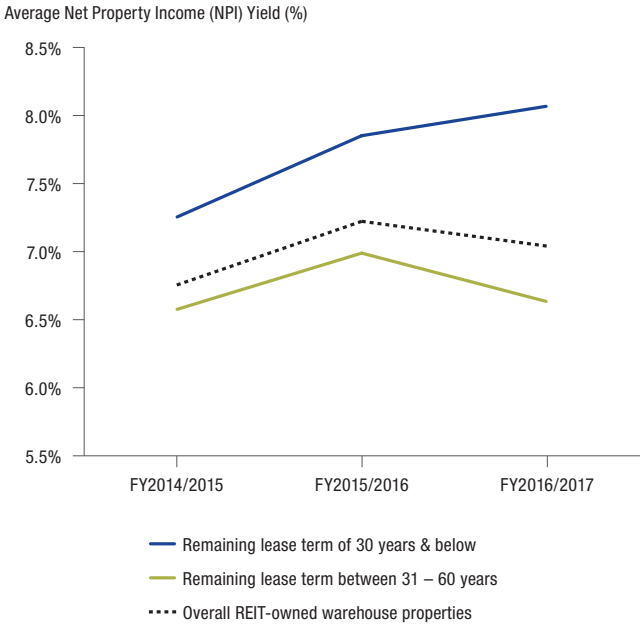
SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

BY KNIGHT FRANK RESEARCH & CONSULTANCY

3.6 Net Property Income (NPI) Yield

The overall average Net Property Income (NPI) yield of private warehouse properties owned by REITs was quite stable and ranged from 6.6% to 8.1% in the last three years. It experienced an increase of 0.5 percentage point in FY2015/2016 before dipping 0.2 percentage point in FY2016/2017. On the other hand, the average NPI yield for properties with remaining lease term of 30 years and below witnessed an increase of 0.2 percentage point from FY2015/2016 to FY2016/2017; the fall in capital value was faster than the drop in NPI for such properties.

Exhibit 3-8: Average NPI Yield of REIT-owned warehouse properties, FY 2014/2015 – FY 2016/2017



NOTES:

- The average NPI yield of each REIT-owned warehouse is derived and sorted into the respective lease term categories.
- The NPI yield for each REIT-owned warehouse is calculated using an operating expense/capital value ratio of each REIT based on the respective Annual Report.

Source: Annual Reports, Knight Frank Consultancy & Research

3.7 Outlook

On the back of improving global trade which augers well for the logistics industry, coupled with the burgeoning e-commerce market which mandates for efficient logistics and supply chain operations on an islandwide scale, demand for warehousing space in Singapore is expected to pick up in 2018. As Singapore continues to strive towards being a 'Smart Nation' and build on its competitive advantage in digital and smart technology, the growth story of the warehouse and logistics sector is likely to strengthen over the next two to three years. Under the industry transformation map, the logistics sector was one of the key industries shortlisted. Government agencies, the likes of Economic Development Board, Spring Singapore, SkillsFuture SG and Workforce Singapore will collaborate to achieve about 2,000 PMET (professionals, managers, executives and technicians) job creations by 2020 with a value-add of S$8.3 billion in the logistics market. Furthermore, with Singapore's strategic location and strong connectivity to key gateway cities in South-East Asia, it will further appeal to both local and international logistics players who are keen to establish their presence or expand their businesses in the region.

While it may still take time for the existing vacant and upcoming 3.7 million square feet GFA of warehouse space (slated for completion by 2018) to be absorbed by the market, the emergent signs of global economic expansion and growth in demand for logistics operations would provide support for industrial space take-up over the next two to three years. New warehouse buildings with well-equipped facilities, technologies and configuration which allows for flexibility in spatial needs will be more sought-after as opposed to the conventional and older warehouse spaces.

Going forward, the rental movement of warehouse space is projected to remain stable or moderate by -3.0 to -1.0% y-o-y in Q4 2018, or register marginal increase of up to 1.0% y-o-y.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Macro-Economic Overview and Current Trends

Australia has experienced 25 years of unbroken economic prosperity, making it a popular destination for offshore property investment.

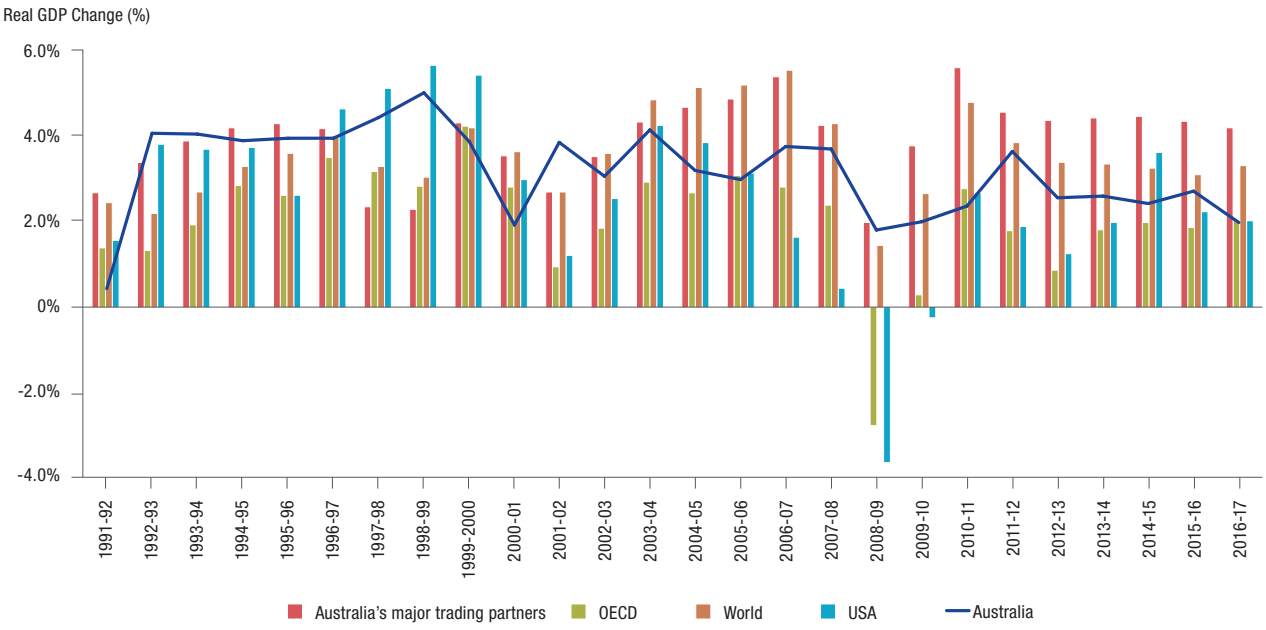
Over the past decade GDP has averaged 2.6% per annum, with continual growth projected between the 2 and 3% range [1]. This is anticipated to be underpinned by household consumption, business investment, government expenditure and trade, as well as by the strong GDP growth performance of Australia's major trading partners.

The record-breaking growth trend is further enhanced by the following factors:

- Strong population growth rate, which has led governments to increase public infrastructure spending, as well as increased demand for consumer goods
- Retail and housing markets within the eastern seaboard capital cities undergoing a strong cycle of activity, which in turn drives stronger industrial tenant demand
- Stable and transparent financial system and real estate market, and
- Inflow of foreign capital with an increased allocation to real estate.

Australia's economy continues to show growth, with the activity of non-mining sectors rising, particularly in the financial services, education, construction and tourism sectors. Improvement has been fostered by low interest rates and the depreciation of the currency since 2013. Non-resource exports have contributed strongly to economic growth since 2013 – particularly service exports, contributing approximately 0.25 percentage point to GDP growth. Manufactured exports have recorded little change over 2017.

Real GDP Growth (%)



Source: Deloitte Access Economics / Colliers Research

NOTE:

[1] Deloitte Access Economics Business Outlook, December 2017.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Macro-Economic Outlook

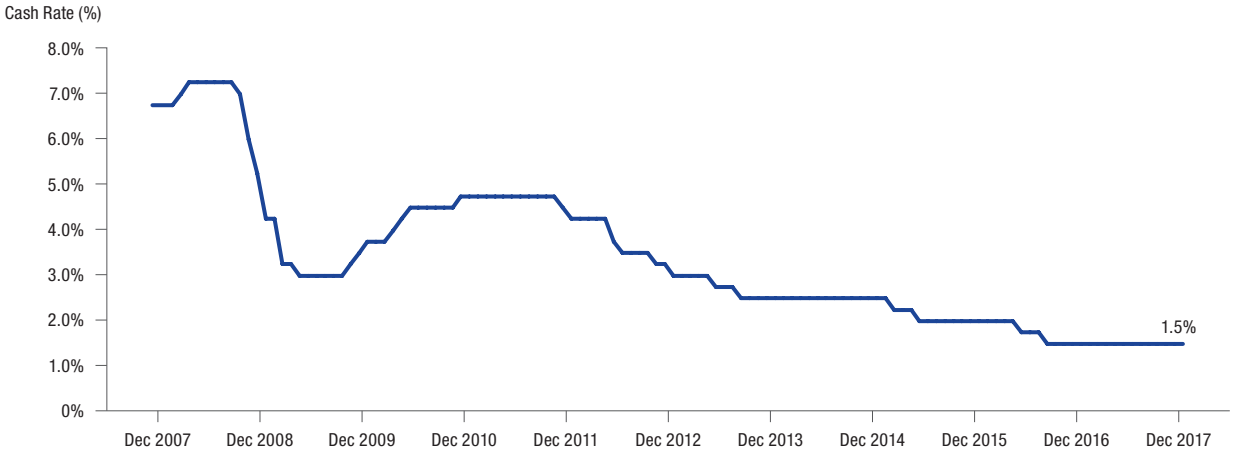
Australia's growth will continue to be underpinned by low interest rates, consumption growth (fuelled by population growth), infrastructure investment, employment growth and non-mining business investment.

According to the RBA:

- GDP growth is forecast to be within the 2.75% to 3.25% range between 2018 and 2019
- Unemployment rate is forecast to remain at 5.5% until 2019
- Underlying inflation is expected to increase to 2% by 2019.

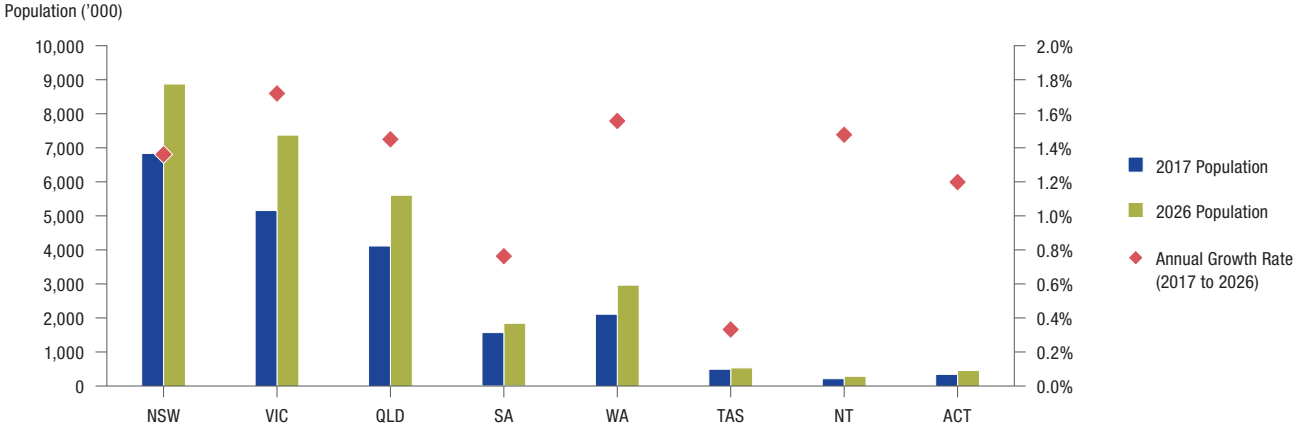
According to the IMF, Australia's population growth forecast over the next five years is double the average of the world's top 30 economies. The strongest annual growth rate of the states between 2017 and 2026 is projected to be Victoria's, at 1.7% per annum.

RBA Cash Rate



Source: Reserve Bank of Australia / Colliers Research

Historic and Projected Population (by State)

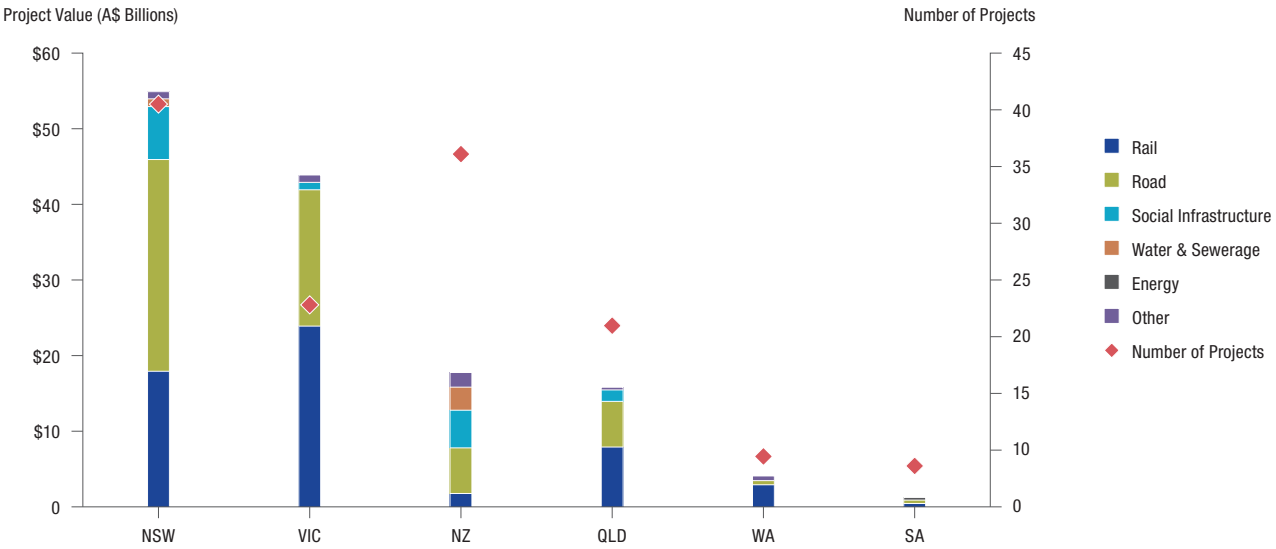


Source: ABS / Colliers Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Infrastructure Projects[1]



Source: ANZIP Australia & New Zeland Infrastructure Pipeline / Colliers Research

Industrial and Logistics Sector Performance and Trends

Output from the transport and storage sectors has grown 1.5% over the FYE2017 (1 July 2016 to 30 June 2017), and is projected to increase at an annual average rate of 2.6% to the FYE2027 (Source: Deloitte Access Economics), driven by solid growth in the demand for goods on the back of strong projected population growth.

Also fueling this trend is Australia's growing eCommerce industry, which currently makes up almost 40% of the online retail market. The share of online retail trade to total retail sales has been increasing over the past 12 months as Australian consumer preferences change, recording a growth rate of around 15% to the FYE2017.

Increased usage of transport and logistics services in Australia (particularly third-party logistics) has not only meant enormous growth in the amount of industrial floorspace, but also significant investment in more sophisticated and automated warehousing facilities.

The needs and requirements of warehouses are changing, where scale and speed (required to move goods) is paramount. Better designed buildings have greater scope to improve operational efficiencies, which in turn drive productivity gains and reduce costs. Design considerations include high bay logistics, increased use of robotics and mobile automation, greater cubic capacity, quality indoor working environment for employees as well as for the conditions for storing goods, and sustainability (green star rating).

Against the backdrop of a limited supply of stock on the market, the ability to secure a new development that satisfies the above points and can adapt to the changing nature of facilities now and into the future has become a barrier for industrial users to successfully compete – especially as new entrants into the Australian market are on the rise.

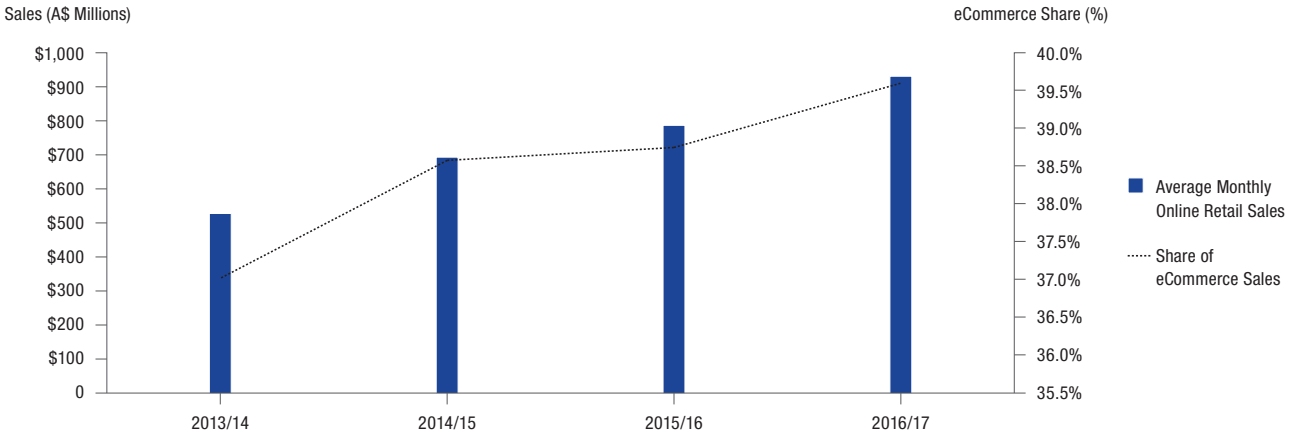
NOTE:

[1] Projects included have the following status; prospective pipeline, credibly proposed, announced, under procurement, preferred bidder announced.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Online Retail and eCommerce[1]



Source: ABS / Colliers Research

Key Demand Drivers

The large commitments in infrastructure projects continue to boost confidence in the Australian industrial market – particularly for NSW, where almost 50% of all transport infrastructure investment is concentrated. The 2017/18 Federal Government Budget investment in infrastructure = A$75 billion from 2017/18 to 2026/2027. This is an increase from the level announced in the 2016/17 Federal Budget of A$50 billion.

The record levels of transport infrastructure development will help alleviate supply constraints by strengthening the connections to developable land. Appreciation in land values has been recorded in certain markets within Sydney, Melbourne and Brisbane, partly as a result of this investment in infrastructure.

There has been a consistent performance trend in industrial prime assets observed across the Sydney, Melbourne and Brisbane industrial markets over the past few years, with major drivers of demand being the following:

- The infrastructure boom
- Precincts well serviced by connecting road transport routes
- Precincts with potential for alternate uses (particularly mixed and residential use) on the back of population growth and residential-specific transport infrastructure (e.g. commuter rail)
- Labour market improvements and growth in certain industrial sectors (eg. Food manufacturing)
- Growth in eCommerce, in turn, pushing demand for logistics / warehouse / distribution / transport space
- Tenant retention (with many instances of expansionary requirements)
- Access to a growing blue and white-collar population
- Low interest rate environment
- Strong GDP growth
- Retail turnover growth – low but consistent, and higher in the household goods sector
- A weaker Australian dollar boosting net exports

Colliers is forecasting an average of 984,100 square metres of industrial space per annum projected to be available between now and 2021. This is well below the five-year historic annual average of 1.7 million square metres, indicating that quality assets are in demand and in short supply.

As new industrial developments added to the market have historically been relatively quickly absorbed, a close proxy for calculating industrial net absorption is the historic annual average development supply pipeline. The five-year annual average industrial floorspace delivered to the major Australian markets are as follows:

- Sydney, 620,000 square metres
- Melbourne, 400,300 square metres
- Brisbane, 308,000 square metres
- Adelaide, 60,500 square metres
- Perth, 238,700 square metres

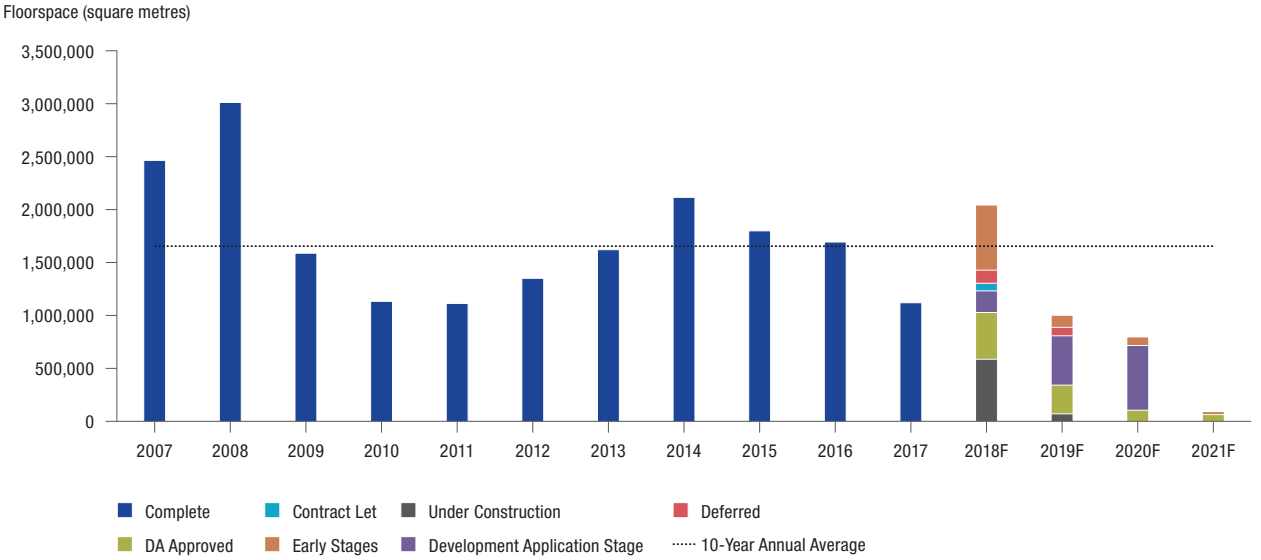
NOTE:

[1] 'eCommerce' defined as 'pure-online sales'.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

National Industrial Supply Pipeline



Source: Cordell Connect / Colliers Research

Sydney

A total of 416,230 square metres of industrial floorspace was delivered in 2017, the lowest level since 2011. Looking ahead however, the total supply expected to be delivered over 2018 totals around 882,700 square metres – above the historic five-year annual average of 620,000 square metres.

Around 30% of the supply to be delivered in 2018 is currently under construction, and a further 26% of the floorspace has development approval.

As industrial zoned land within the North and South sub-markets is constrained, it is projected that the development of multi-level industrial strata buildings will become ever more attractive to maximise floorspace ratios.

Yields and Capital Values

Land values across the Sydney markets are continuing on an upward trend, fuelled by record investment in infrastructure and a dwindling supply of available stock. Robust capital growth is attracting private and institutional investment interest from offshore investors.

The overall Sydney average growth in land values over 2017 has been approximately 21%, above the five and ten-year annual averages of 12% and 5%, respectively. Annual growth rates over the next six months are projected to remain in double digits as the construction phase of major infrastructure projects continues to progress and as serviced land supply is further depleted.

With a diminishing availability of stock and rising land values, average yields across the Sydney markets have continued to trend downward since March 2012. The strong demand conditions and limited pool of industrial assets lead to investors chasing secondary stock, and this was reflected in the stronger yield compression recorded for secondary assets relative to prime grade assets in 2017.

Prime and secondary yields currently average 5.64% and 6.66%. Compression rates over the second half of 2017 declined, and it is expected that yields will remain stable over 2018.

Leasing

Leasing activity over 2017 was concentrated within the western sub-markets, and continue to be driven by speculative build. Net face rents have remained stable and incentives have risen to secure tenants.

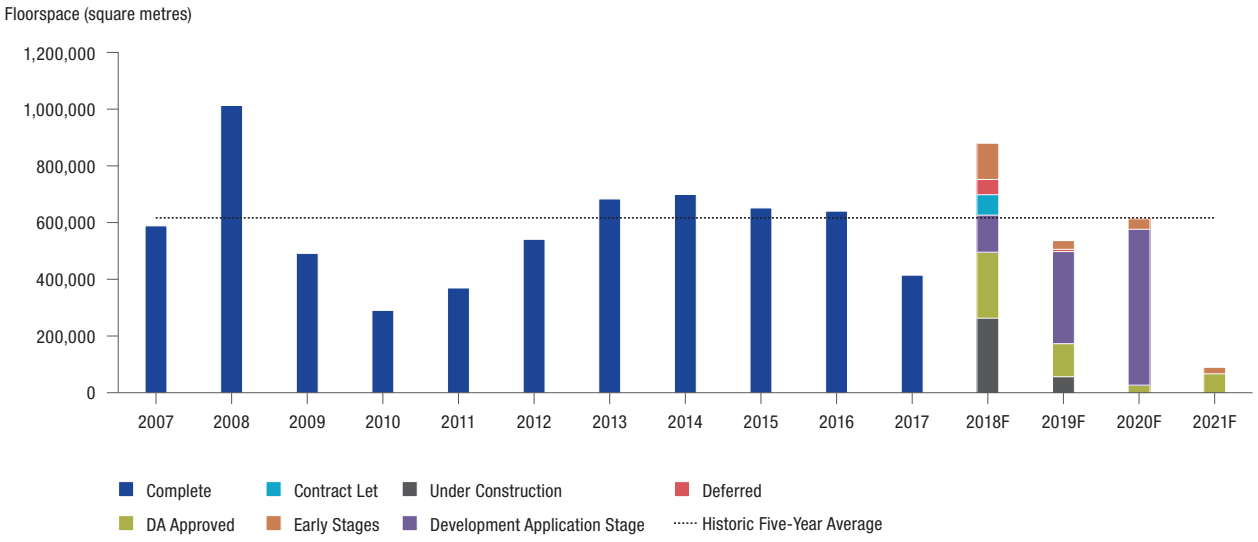
Tenant demand over the past year for pre-lease space has been strong as tenant relocation options have been more attractive than the renewal of leases.

Although minimal growth was recorded in average prime net face rents, secondary grade assets recorded greater growth of around 9% over 2017. This was mainly fuelled by a a combination of extremely low levels of stock and tenant displacement within the Inner West, South, and North industrial precincts.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Sydney Industrial Supply Pipeline



Source: Cordell Connect / Colliers Research

Outlook

Industrial land will continue to attract interest given the significant infrastructure development resulting in land value uplift.

In the investment market, there will continue to be limited opportunities for core stock in 2018, therefore it is expected that investors will continue to shift towards value-add opportunities within the secondary asset market. In addition, against a backdrop of on-market stock scarcity, off-market transactions are expected to continue into 2018. It is anticipated that yields will remain unchanged.

It is projected that rental growth in prime grade assets across the Sydney market will be minimal – with growth mainly from the Inner Sydney sub-markets. Due to competition to secure tenants within Sydney's Western markets, prime grade rents are expected to remain unchanged over 2018.

A constrained supply of serviced land will limit the amount of development activity post-2018, and speculative developments will occur on a controlled basis within core markets where there is a distinct lack of supply for space over 15,000 square metres.

Melbourne

A total of 192,823 square metres of industrial floorspace was delivered in 2017, the lowest level recorded over the past decade. However, continued strong appetite for brownfield sites in inner locations for both development and occupation remains positive, as zoned land supply continues to diminish as a result of strong land sales and pre-lease activity.

This translates to approximately 699,445 square metres of industrial floorspace to be delivered over 2018. The majority of this floorspace is in early planning stages of development and therefore not committed.

Yields and Capital Values

Melbourne is Australia's largest industrial market, attracting onshore and offshore investor interest. The limited opportunities on the market and continued demand from offshore capital has led to higher capital values and yields tightening across all asset classes.

Average yields for both prime and secondary grade assets across the Melbourne sub-markets over 2017 have compressed 55 basis points to 6.18% and 92 basis points to 7.25%, respectively.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Capital values for prime and secondary grade assets are recorded at A$1,728 per square metre (12% YoY growth) and A$1,004 per square metre (15% YoY growth), respectively, for 2017 – above the 5-year annual growth rate of around 9%.

Increased infrastructure spending has impacted property values positively. Projects such as the widening of the Tullamarine Freeway, Monash Freeway and planning of the West Gate Tunnel project have assisted transportation and logistics businesses throughout metropolitan Melbourne by alleviating congestion and improving road efficiency.

Leasing

Leasing conditions in Melbourne showed signs of strengthening at the beginning of 2016, particularly for secondary grade assets. Rental values continued to record solid growth over 2017 for both asset grades. In the 12 months to December 2017, rents increased by an average of 2.5%, with incentives remaining relatively stable.

The Outer East sub-market recorded the greatest YoY rental growth as tenant demand increased, particularly from large-scale local businesses seeking prime grade premises mainly for sites over 5,000 square metres.

Growing tenant appeal within the Hume City Council (North sub-market) has seen a surge in land take-up by manufacturing operators, mainly from the food and beverage, logistics and packaging industries since the Government has provided financial incentives for new businesses relocating to Hume as part of the Hume Investment Attraction Framework. As Australia's largest producer and exporter of food and fibre, this sector accounts for more than half of Victoria's total goods exports.

Outlook

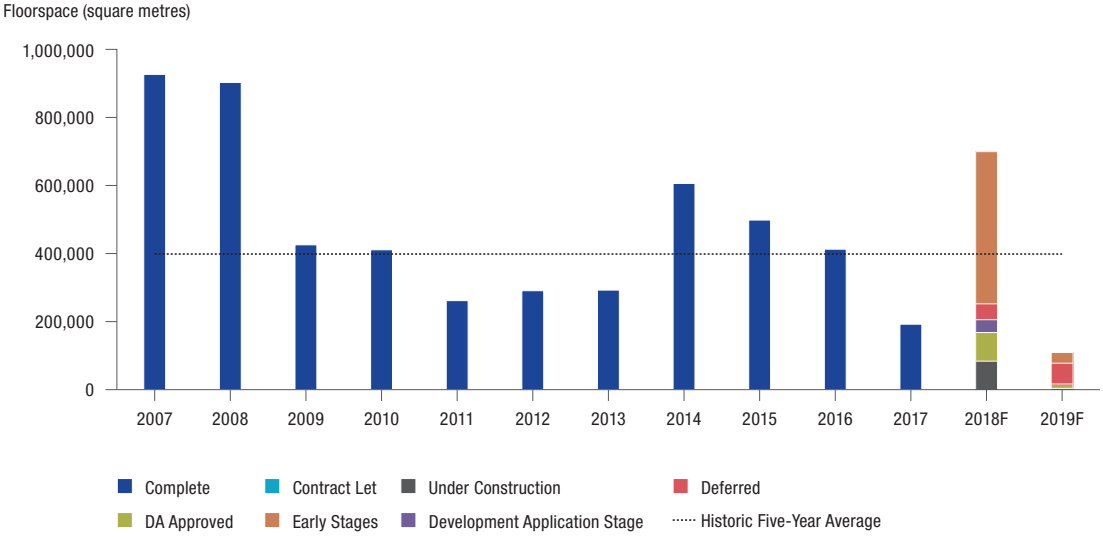
With the fastest growing population in Australia, strong economic growth, record levels of infrastructure investment and a diversified economic base, conditions are supportive for further value uplift and strong tenant demand over 2018.

The leasing market is projected to experience a rental value uplift in secondary grade stock with prime grade stock tightening until the next wave of supply hits the market in late 2018 and over 2019.

Activity in the North sub-markets over 2018 will be driven by high demand, particularly from logistics, specialised manufacturing and food/beverage industries. The rise in manufacturing leases for spaces over 5,000 square metres has already resulted in the reduction in lease terms and incentives.

The investment market is anticipated to continue strong activity. Based on the historical long-term average spread across both asset classes, it is anticipated that investment yields will stabilise before rising 40 basis points around mid-2019, or when bond rates start their eventual rise.

Melbourne Industrial Supply Pipeline



Source: Cordell Connect / Colliers Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Brisbane

A total of 251,635 square metres of industrial floorspace was delivered in 2017, just below the historic five-year annual average of 304,000 square metres.

Development activity over 2017 was largely driven by companies looking to consolidate their premises into a new more efficient distribution centre. Supply levels over 2018 are expected to rise in line with the five-year annual average – pointing to improved confidence in the leasing market. Around half of industrial floorspace in the supply pipeline for 2018 is currently in the construction stage.

Yields and Capital Values

Yields for prime grade stock have continued to tighten, currently at 6.50% due to a lack of quality stock. Capital values in prime grade stock have increased by an average of 3% in the 12 months to December 2017.

Secondary grade yields have remained relatively stagnant since September 2015, resulting in the increase yield spread over the past two years.

The reluctance of investors to move up the risk curve and seek secondary grade assets may be a result of sluggish economic conditions. Average capital values in secondary grade assets recorded no increase throughout 2017.

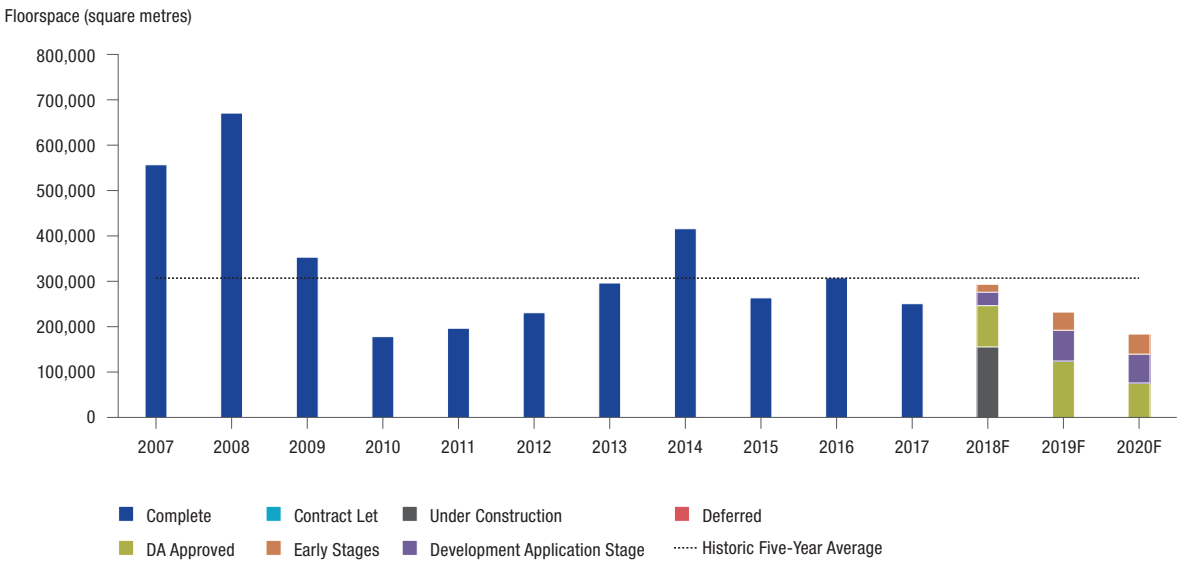
Leasing

Activity for prime grade warehousing remained buoyant, whereas secondary grade stock remained relatively subdued. Overall, 125,000 square metres of new warehousing stock was completed over the first half of 2017, of which almost all was leased upon completion. Tenants took advantage of the beneficial market conditions, with many moving from older and less efficient facilities into modern warehouse facilities, as well as taking up space in brand new speculative developments.

Outlook

Brisbane's industrial market is currently in the rising market stage of the property cycle. With major road and rail infrastructure projects currently under construction and the latest economic indicators suggesting jobs growth, increased net migration and improving state final demand, the Brisbane industrial property sector is set for some strong results throughout 2018. The investment market is anticipated to continue to remain robust especially for modern industrial assets with a long WALE. However, the number of these assets available for purchase will continue to limit market activity. Prime grade leasing activity is expected to remain strong throughout 2018 and the secondary market is also anticipated to start to show some rigour as vacancy slowly diminishes. Limited supply of new industrial products should result in vigorous competition from investors and price stability. Additionally, the low interest rate environment is supporting loan serviceability.

Brisbane Industrial Supply Pipeline



Source: Cordell Connect / Colliers Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

BY COLLIERS INTERNATIONAL RESEARCH

Adelaide

A total of 65,200 square metres of industrial floorspace was delivered in 2017, above the level recorded in the previous year and slightly above the five-year annual average of 59,800 square metres.

The total supply forecast for 2018 is around 46,470 square metres, with around 45% of this floorspace already under construction. More space is forecast to be completed as there are several large design and construct requirements in the market, therefore supply is expected to be at or above average by the end of 2018.

Yields and Capital Values

The Adelaide industrial market continues to offer higher yields relative to most other Eastern Seaboard industrial markets. Prime and secondary yields currently average 8.38% and 9.64%, respectively (as at December 2017).

Prime and secondary grade assets experienced improved demand for the overall Adelaide market, which led to marginal yield compression and increased prime capital values. There is scope for further yield compression for prime grade assets over the next 12 months as the risk premium for this assets class is above the long-term average.

Leasing

The Adelaide leasing market has remained relatively stable with enquiries continuing to improve. The tenant groups which are driving demand are manufacturing and logistics, with logistics taking up shorter term leases over the last 12 months. It is expected that this will become increasingly important due to the increase in expenditure in the defence sector.

Prime and secondary grade rents have remained static since 2013/14 with incentives remaining stable, averaging 11.9% for prime grade stock and 21.0% for secondary grade stock. Prime grade rents have stabilised over 2016 and 2017 in this market, after a correction during 2014 and 2015.

Outlook

The Adelaide industrial property market is in a state of transition and therefore faces challenges. The closure of Holden, and the move of both Caroma and Coca Cola is seeing a change in use for some of these key sites.

The awarding of the submarines contract to DNCS in early 2016 and the building of the offshore patrol vessels in the short term has seen Adelaide become the defence hub in Australia, which will support development and investment in the Adelaide industrial market, in particular, the Osbourne/Port Adelaide area. The total defence spending for the Federal government is over A$90 billion, with a significant amount of construction in these projects in Adelaide.

Adelaide Industrial Supply Pipeline



Source: Cordell Connect / Colliers Research





STRENGTHENING PORTFOLIO BUILDING RESILIENCE

Through its portfolio rebalancing and growth strategy, Cache remains focused on building a strong and resilient foundation for value creation.

COMMITTED PORTFOLIO OCCUPANCY REMAINS STRONG

96.6%

GROWING

WAREHOUSE PROFILES

CWT Commodity Hub

24 Penjuru Road, Singapore

PROPERTY DETAILS	
Valuation	S$318.0 million
Valuation Date	31 December 2017
Purchase Consideration	S$323.0 million
Acquisition Date	12 April 2010
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	29 years from 19 August 2006
Land Area	918,407 square feet
Gross Floor Area	2,295,927 square feet
Net Lettable Area	2,295,927 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	2.50
Lease Type	Single-tenant
Tenant	CWT Pte. Limited
Occupancy	100%



CWT Commodity Hub is one of the largest warehouses in Singapore and Southeast Asia. The property comprises approximately 2.3 million square feet of GFA over five levels in two adjoining warehouse buildings served by a central vehicular ramp. The average floor plate of 448,000 square feet and a ceiling height of up to 10 metres allow users greater efficiencies in the movement and storage of goods. CWT Commodity Hub is located within the Penjuru/Pandan area in Jurong Industrial Estate, a key logistics cluster in close proximity to the sea ports. It is well served by major expressways/roads such as the Ayer Rajah Expressway and West Coast Highway, and is approximately 14 kilometres from the city centre.

Cache Cold Centre

2 Fishery Port Road, Singapore

PROPERTY DETAILS	
Valuation	S$130.0 million
Valuation Date	31 December 2017
Purchase Consideration	S$122.0 million
Acquisition Date	12 April 2010
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30+30 years from 20 December 2005
Land Area	254,904 square feet
Gross Floor Area	344,681 square feet
Net Lettable Area	290,674 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	1.35
Lease Type	Multi-tenant
Major Tenants	Angliss Singapore Pte Ltd NTUC Fairprice Co-operative Limited
Occupancy	87%



Cache Cold Centre is the first ramp-up cold storage warehouse and one of the largest multi-temperature controlled logistics facilities in Singapore. The property comprises a two-storey ramp-up warehouse with mezzanine ancillary offices and has 35 loading/unloading bays with dock shelters to allow for a continuous cold chain process. The use of multi-temperature control also allows for the temperature of each warehouse unit to be set independently to accommodate different end-user temperature requirements.

The property is located in a food zone within Jurong Industrial Estate. Due to the time and temperature sensitive nature of the cold storage business, it is strategically located near to the sea ports. It is also well served by major expressways/roads such as Fishery Port Road, Jalan Buroh and Jurong Port Road and is approximately 15 kilometres from the city centre.

WAREHOUSE PROFILES

Schenker Megahub

51 Alps Avenue, Singapore

PROPERTY DETAILS	
Valuation	S$78.5 million
Valuation Date	31 December 2017
Purchase Consideration	S$99.0 million
Acquisition Date	12 April 2010
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30+30 years from 1 June 2005
Land Area	220,145 square feet
Gross Floor Area	439,956 square feet
Net Lettable Area	439,956 square feet
Maximum Plot Ratio	2.00
Current Plot Ratio	2.00
Lease Type	Single-tenant
Tenant	Schenker Singapore (Pte) Ltd
Occupancy	100%



Schenker Megahub is the largest freight and logistics property located at the ALPS, the free trade zone adjacent to Changi International Airport. The property comprises an eight-storey ramp-up logistics facility with four levels of warehouse and ancillary offices and 44 loading/unloading bays with dock-levellers. Built with temperature and humidity controlled facilities, the property was purpose-built for Schenker Singapore Pte. Ltd., the anchor end-user for more than five years.

It is well served by major roads such as Loyang Ave and Changi Coast Road, and is approximately 25 kilometres from the city centre. It also enjoys close proximity to Changi North/South Industrial Estates and Changi Business Park.

Hi-Speed Logistics Centre[1]

40 Alps Avenue, Singapore

PROPERTY DETAILS	
Valuation	S$69.0 million
Valuation Date	31 December 2017
Purchase Consideration	S$69.5 million
Acquisition Date	12 April 2010
Property Type	Combination of ramp-up and cargo lifts, with ancillary office facilities
Leasehold Title Expiry	30+30 years from 16 August 2005
Land Area	162,074 square feet
Gross Floor Area	308,632 square feet
Net Lettable Area	293,094 square feet
Maximum Plot Ratio	2.00
Current Plot Ratio	1.90
Lease Type	Multi-tenant
Major Tenants	Nippon Express (Singapore) Pte. Ltd Bollore Logistics Singapore Pte Ltd
Occupancy	80%



Hi-Speed Logistics Centre is a modern logistics facility comprising four levels of warehouse and seven levels of ancillary office space with 20 loading/unloading bays with dock-levellers. The warehouse is accessible via a combination of ramp and cargo lifts, and caters to end-users' need for heavy loading and high ceiling height.

The property attracts third-party logistics service providers and airfreight forwarders as its location within the Alps area enables quick turnaround with great efficiency without leaving the free trade zone. It is also well served by major roads such as Loyang Ave and Changi Coast Road, and is approximately 25 kilometres from the city centre.

NOTE:

[1] The proposed divestment of Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore was announced on 18 January 2018.

WAREHOUSE PROFILES

Cache Changi Districentre 1

5 Changi South Lane, Singapore

PROPERTY DETAILS	
Valuation	S$89.9 million
Valuation Date	31 December 2017
Purchase Consideration	S$82.0 million
Acquisition Date	12 April 2010
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30+30 years from 16 August 2005
Land Area	145,745 square feet
Gross Floor Area	364,361 square feet
Net Lettable Area	351,478 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	2.50
Lease Type	Multi-tenant
Major Tenants	TNT Express Worldwide (S) Pte Ltd RS Bonded Logistics (S) Pte Ltd
Occupancy	91%



Cache Changi Districentre 1 comprises a six-storey ramp-up warehouse with ancillary office space and 53 loading/unloading bays with dock-levellers. Its location is ideal for international logistics specialists such as TNT Express Worldwide (S) Pte Ltd, the anchor tenant, because of its easy access to major expressways such as Tampines Expressway, East Coast Parkway and Pan-Island Expressway. The property is located approximately 14 kilometres from the city centre and enjoys close proximity to the airport, Changi Business Park and Singapore Expo Convention & Exhibition Centre.

DHL Supply Chain Advanced Regional Centre

1 Greenwich Drive, Singapore

PROPERTY DETAILS	
Valuation	S$150.3 million
Valuation Date	31 December 2017
Completion Date	8 July 2015
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30 years from 16 June 2014
Land Area	638,424 square feet
Gross Floor Area	989,260 square feet
Net Lettable Area	928,108 square feet
Maximum Plot Ratio	1.55
Current Plot Ratio	1.55
Lease Type	Multi-tenant
Major Tenants	DHL Supply Chain Singapore Pte Ltd
Occupancy	100%



DHL Supply Chain Advanced Regional Centre is a modern state-of-the-art logistics warehouse which comprises one block of three-storey ramp-up warehouse with a four-storey ancillary office (Block 1) and another block with a two-storey ramp-up warehouse (Block 2). It was a Build-to-Suit development completed in July 2015 for DHL Supply Chain Singapore Pte Ltd with a 10-year lease term that includes options to renew until the end of the land lease tenure.

Strategically located in the eastern region of Singapore within the new logistics estate of Tampines LogisPark, it is easily accessible via major expressways including Kallang Paya Lebar Expressway and Tampines Expressway, and is close to Changi Airport, Seletar Aerospace Park and Tampines / Pasir Ris Wafer Fab Park.

WAREHOUSE PROFILES

Pan Asia Logistics Centre

21 Changi North Way, Singapore

PROPERTY DETAILS	
Valuation	S$35.4 million
Valuation Date	31 December 2017
Purchase Consideration	S$35.2 million
Acquisition Date	30 April 2012
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30 years from 1 June 2010
Land Area	123,119 square feet
Gross Floor Area	196,990 square feet
Net Lettable Area	183,046 square feet
Maximum Plot Ratio	1.60
Current Plot Ratio	1.60
Lease Type	Single-tenant
Tenant	Pan Asia Logistics Singapore Pte. Ltd.
Occupancy	100%



Pan Asia Logistics Centre is a four-storey ramp-up warehouse with ancillary office space. The property, completed in 2011, has 16 loading/unloading bays with dock-levellers. Located within the Changi International LogisPark (North), the property is well served by major expressways/roads such as the Tampines Expressway, East Coast Parkway and Pan-Island Expressway, and is approximately 18 kilometres from the city centre.

Pan Asia Logistics Centre is on a 10-year master lease to Pan Asia Logistics Singapore Pte. Ltd., a provider of integrated logistics and supply chain solutions across the globe.

Pandan Logistics Hub

49 Pandan Road, Singapore

PROPERTY DETAILS	
Valuation	S$44.0 million
Valuation Date	31 December 2017
Purchase Consideration	S$66.0 million
Acquisition Date	3 July 2012
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30 years from 1 October 2009
Land Area	133,680 square feet
Gross Floor Area	329,112 square feet
Net Lettable Area	304,439 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	2.46
Lease Type	Multi-tenant
Major Tenants	CWT Limited LQ Logistics Pte Ltd
Occupancy	93%



Pandan Logistics Hub is a five-storey ramp-up warehouse with ancillary office space. The property, completed in 2011, provides a floor loading capacity of up to 50KN/m^2 on the ground floor and has loading/unloading bays with a total of 25 dock-levellers.

Strategically located in the Pandan/Penjuru area within Jurong Industrial Estate, it enjoys close proximity to the sea ports. The property is well served by major expressways/roads such as the Ayer Rajah Expressway and Pan-Island Expressway, and is approximately 12 kilometres from the city centre.

WAREHOUSE PROFILES

Precise Two

15 Gul Way, Singapore

PROPERTY DETAILS	
Valuation	S$43.1 million
Valuation Date	31 December 2017
Purchase Consideration	S$55.2 million
Acquisition Date	1 April 2013
Property Type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30 years from 1 October 2003
Land Area	203,272 square feet
Gross Floor Area	284,384 square feet
Net Lettable Area	284,384 square feet
Maximum Plot Ratio	1.40
Current Plot Ratio	1.40
Lease Type	Single-tenant
Tenant	Precise Development Pte. Ltd.
Occupancy	100%



Precise Two is a three-storey ramp-up warehouse with ancillary office space. The property has modern and attractive technical specifications such as heavy floor loading of up to 50KN/m^2 on the ground floor and 35KN/m^2 on the second and third floors. The property is located within Jurong Industrial Estate and is well served by major expressways/ roads such as the Ayer Rajah Expressway and Pan-Island Expressway, and is approximately 24 kilometres from the city centre.

Cache Changi Districentre 2

3 Changi South Street 3, Singapore

PROPERTY DETAILS	
Valuation	S$16.2 million
Valuation Date	31 December 2017
Purchase Consideration	S$17.7 million
Acquisition Date	12 April 2010
Property Type	Cargo-lift logistics warehouse (partly air-conditioned) with ancillary office facilities
Leasehold Title Expiry	30+30 years from 16 February 1996
Land Area	65,767 square feet
Gross Floor Area	111,359 square feet
Net Lettable Area	89,494 square feet
Maximum Plot Ratio	2.00
Current Plot Ratio	1.69
Lease Type	Multi-tenant
Major Tenants	AGX Logistics (S) Pte Ltd
Occupancy	37%



Cache Changi Districentre 2 is a cargo-lift logistics facility comprising three levels of warehouse and a four-storey ancillary office building. The warehouse has six loading/unloading bays with dock-levellers. The property is located within Changi International LogisPark (South), one of Singapore's most established logistics clusters. It is well served by major expressways/roads such as the East Coast Parkway and Pan-Island Expressway, and is approximately 16 kilometres from the city centre. It also enjoys close proximity to the airport, Changi Business Park and Singapore Expo Convention & Exhibition Centre.

WAREHOUSE PROFILES

Air Market Logistics Centre

22 Loyang Lane, Singapore

PROPERTY DETAILS	
Valuation	S$12.0 million
Valuation Date	31 December 2017
Purchase Consideration	S$13.0 million
Acquisition Date	19 August 2011
Property Type	Cargo-lift logistics warehouse with ancillary office facilities
Leasehold Title Expiry	30+16 years from 1 February 2007
Land Area	50,754 square feet
Gross Floor Area	67,564 square feet
Net Lettable Area	67,564 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	1.33
Lease Type	Single-tenant
Tenant	Air Market Logistics (S) Pte Ltd.
Occupancy	100%



Air Market Logistics Centre is a five-storey warehouse comprising warehouse space and ancillary office space, and has six loading/unloading bays with dock-levellers. The property is strategically located in Loyang Industrial Estate and is well served by major expressways/roads such as the Pan-Island Expressway, Tampines Expressway and East Coast Parkway, and is approximately 20 kilometres from the city centre.

127 Orchard Road, Chester Hill

New South Wales, Australia

PROPERTY DETAILS	
Valuation	S$44.4 million (A$42.5 million)
Valuation Date	31 December 2017
Purchase Consideration	S$38.8 million (A$37.0 million)
Acquisition Date	27 February 2015
Property Type	Single-storey logistics warehouse distribution facility with ancillary office facilities
Leasehold Title Expiry	Freehold
Land Area	414,952 square feet
Gross Floor Area	278,034 square feet
Net Lettable Area	278,034 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.67
Lease Type	Single-tenant
Tenant	McPhee Distribution Services Pty Limited
Occupancy	100%



The single-storey warehouse facility is located in a well-established industrial precinct approximately 20 kilometres (radial) west of the Sydney CBD and 8 kilometres (radial) south of the Parramatta CBD. It is well connected to major motorways such as the Great Western Highway and M4 Motorway, serviced by major arterial roads such as Woodville Road and Hume Highway, and enjoys close proximity to three train stations. The property boasts a high clearance warehouse fitted with fire safety sprinkler systems and recent improvements include full drive-through access.

WAREHOUSE PROFILES

16 - 28 Transport Drive, Somerton

Victoria, Australia

PROPERTY DETAILS	
Valuation	S$26.1 million (A$25.0 million)
Valuation Date	31 December 2017
Purchase Consideration	S$23.4 million (A$22.3 million)
Acquisition Date	27 February 2015
Property Type	Single-storey logistics warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	492,776 square feet
Gross Floor Area	229,047 square feet
Net Lettable Area	229,047 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.46
Lease Type	Single-tenant
Tenant	Linfox Australia Pty Limited
Occupancy	100%



The single-storey warehouse facility is located within an established industrial estate about 20 kilometres (radial) north of Melbourne CBD and approximately 10 kilometres (radial) east of Melbourne Airport and enjoys close proximity to the Hume Highway, which provides access to the arterial road network and the CBD. The property comprises a double-storey office, covered dock and loading facilities, hardstand and centralised tenant amenities.

51 Musgrave Road, Coopers Plains

Queensland, Australia

PROPERTY DETAILS	
Valuation	S$8.5 million (A$8.1 million)
Valuation Date	31 December 2017
Purchase Consideration	S$11.2 million (A$10.7 million)
Acquisition Date	27 February 2015
Property Type	Single-storey logistics warehouse
Leasehold Title Expiry	Freehold
Land Area	171,793 square feet
Gross Floor Area	102,172 square feet
Net Lettable Area	102,172 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.59
Lease Type	Multi-tenant
Major Tenants	Stirling Holdings Pty Ltd Farragher Logistics Pty Ltd
Occupancy	53%



The single-storey warehouse is located at a well-established industrial precinct located approximately 13 kilometres south of Brisbane CBD. Two of the freestanding buildings have undergone recent building improvements and provide additional facilities such as gantry cranes. The property is designed with a configuration for multiple users and is suitable for transport and logistics businesses.

404 - 450 Findon Road, Kidman Park, Adelaide

South Australia, Australia

PROPERTY DETAILS	
Valuation	S$61.6 million (A$59.0 million)
Valuation Date	31 December 2017
Purchase Consideration	S$57.4 million (A$57.3 million)
Acquisition Date	18 December 2015
Property Type	Large warehouse facility with chilled, freezer and ambient warehouse and ancillary components such as offices and a canteen
Leasehold Title Expiry	Freehold
Land Area	1,282,746 square feet
Gross Floor Area	632,869 square feet
Net Lettable Area	632,869 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.49
Lease Type	Single-tenant
Tenant	Metcash Trading Limited
Occupancy	100%



This large warehouse distribution facility is well located within 2 kilometres of Adelaide Airport and 6 kilometres (radial) from Adelaide CBD. The facility offers a range of uses comprising large-scale ambient warehouses, cold storage, hardstand, offices, a canteen, and a workshop. There is also a vacant land lot that can be used for future development or expansion.

203 Viking Drive, Wacol

Queensland, Australia

PROPERTY DETAILS	
Valuation	S$29.2 million (A$28.0 million)
Valuation Date	31 December 2017
Purchase Consideration	S$27.1 million (A$27.0 million)
Acquisition Date	23 October 2015
Property Type	Single-storey logistics warehouse with two-storey office
Leasehold Title Expiry	Freehold
Land Area	241,544 square feet
Gross Floor Area	143,839 square feet
Net Lettable Area	143,839 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.6
Lease Type	Single-tenant
Tenant	Western Star Trucks Pty Ltd
Occupancy	100%



The single-storey warehouse is well located within the established industrial suburb of Wacol, approximately 18 kilometres (radial) south west of the Brisbane CBD. Apart from its easy access to Brisbane's arterial road network, it is also near to the Ipswich and Logan Motorways with public transit readily available for both train and bus services. The warehouse provides a clearance of between 9.2 and 11.2 metres for efficient racking storage capacity.

WAREHOUSE PROFILES

223 Viking Drive, Wacol

Queensland, Australia

PROPERTY DETAILS	
Valuation	S$11.2 million (A$10.75 million)
Valuation Date	31 December 2017
Purchase Consideration	S$9.6 million (A$9.575million)
Acquisition Date	4 December 2015
Property Type	Single-storey logistics warehouse with hardstand and two-storey office building
Leasehold Title Expiry	Freehold
Land Area	244,989 square feet
Gross Floor Area	67,555 square feet
Net Lettable Area	67,555 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.28
Lease Type	Single-tenant
Tenant	Western Star Trucks Pty Ltd
Occupancy	100%



Adjacent to 203 Viking Drive, this single-storey warehouse benefits from similar proximity, transportation and network benefits of its neighbour. The facility boasts good vehicular circulation and an upgraded hardstand area which is conducive for heavy vehicles.

217 – 225 Boundary Road, Laverton North

Victoria, Australia

PROPERTY DETAILS	
Valuation	S$23.5 million (A$22.5 million)
Valuation Date	31 December 2017
Purchase Consideration	S$24.2 million (A$22.25 million)
Acquisition Date	22 March 2017
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	390,195 square feet
Gross Floor Area	223,062 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.57
Lease Type	Single-tenant
Tenant	Spotlight Pty Ltd
Occupancy	100%



The single-storey warehouse is well located within the established industrial suburb of Laverton North, approximately 18 kilometres west of Melbourne CBD. The warehouse benefits from close proximity to major freeways connecting directly to the Port of Melbourne and the national freeway network. The warehouse is of generic design and benefits from recessed loading docks, an expansive hardstand and a high clearance ceiling.

The Laverton North industrial precinct has developed significantly over the past ten years as a prime transport and logistics hub occupied by major third-party logistics providers, retail and wholesale distribution centres, and transportation companies.

WAREHOUSE PROFILES

Jinshan Chemical Warehouse

No. 288 Gongchuang Road, Caojing Town, Jinshan District, Shanghai, China

PROPERTY DETAILS	
Valuation	S$16.0 million (¥78.1 million)
Valuation Date	31 December 2017
Purchase Consideration	S$13.9 million (¥71.0 million)
Acquisition Date	15 June 2011
Property Type	Chemical warehouse with ancillary office facilities
Leasehold Title Expiry	50 years from 18 September 2006
Land Area	360,664 square feet
Gross Floor Area	145,816 square feet
Net Lettable Area	145,816 square feet
Maximum Plot Ratio	1.00
Current Plot Ratio	0.40
Lease Type	Single-tenant
Tenant	CWT Logistics (Shanghai) Co., Ltd.
Occupancy	100%



Located in Jinshan District, Shanghai, Jinshan Chemical Warehouse is situated within the Shanghai Chemical Industry Park ("SCIP"), and is approximately 57 kilometres south of the city centre. SCIP is the first industrial zone in Shanghai specialising in the development of petrochemical and fine chemical sectors and is also one of the largest fully integrated petrochemical bases in Asia. The property comprises four blocks of single-storey dangerous goods warehouses with ancillary office space.

CORPORATE GOVERNANCE

INTRODUCTION

Cache Logistics Trust ("Cache") is a Real Estate Investment Trust ("REIT") listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 April 2010. Cache is managed by ARA-CWT Trust Management (Cache) Limited (the "Manager"). The Manager is a 60:40 joint venture REIT management company between ARA Asset Management Limited ("ARA") and CWT Limited ("CWT") ("Sponsor").

Cache was constituted by a deed of trust dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014 and a first amending and restating deed dated 13 April 2016) (the "Trust Deed") entered into between the Manager, and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Cache (the "Trustee").

The Trustee and the Manager are independent of each other. The Trustee is responsible under the Trust Deed for the safe custody of the assets of Cache on behalf of the unitholders of Cache (the "Unitholders"). The Manager's main responsibility is to manage the assets and liabilities of Cache in accordance with the Trust Deed and act honestly in the best interest of Unitholders. As required under the licensing regime for REIT managers, the Manager holds the Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore (the "MAS") to carry out REIT management activities.

The Manager is fully committed to sound corporate governance policies and practices and adheres to high standards of conduct in line with the recommendations of the Code of Corporate Governance 2012 (the "CG Code").

The Manager believes that an effective corporate governance culture is critical to its performance and the success of Cache. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of its Unitholders.

The primary role of the Manager is to set the strategic direction on, amongst others, acquisitions, divestments, asset enhancement and capital management, and, subject to any feedback from recommendations made to the Trustee, execute the adopted strategy accordingly.

Other functions and responsibilities of the Manager include:

1. using its best endeavours to carry on and conduct its business and operations in a proper and efficient manner and to conduct all transactions with or for Cache at arm's length;
2. preparing an annual budget proposal including the net income forecast, property expenditure, capital expenditure, and providing explanations for major variances from the previous year's forecasts, written commentary on key issues and any relevant assumptions;
3. establishing a framework of prudent and effective controls which enables financial, operational, compliance and information technology risks to be managed;
4. ensuring compliance with the principles and guidelines of the CG Code and other applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB)R"), the Listing Manual of the SGX-ST (the "Listing Manual"), the Code on Collective Investment Schemes (the "CIS Code"), the Property Funds Appendix, the Singapore Code on Takeovers and Mergers, the Trust Deed, the relevant MAS Notices and Guidelines and any tax rulings and all relevant contracts;
5. managing communications with Unitholders; and
6. oversight of the property management services provided by the property managers.

This Corporate Governance Report describes the Manager's corporate governance framework and practices. The Manager is committed to complying with the principles and guidelines of the CG Code. Where there are deviations from the principles and guidelines of the CG Code, such as in respect of the guidelines on the formation of board committees, the maximum number of representations on the boards of listed issuers, external board assessment and the disclosure of remuneration, an explanation has been provided within the Report.

CORPORATE GOVERNANCE

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: **Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this and Management remains accountable to the Board.**

The composition of the Board of Directors of the Manager (the "Board") as at 31 December 2017 is as follows:

Mr Lim How Teck	Chairman and Non-Executive Director (Non-Independent)
Mr Lim Hwee Chiang John [(1)]	Non-Executive Director (Non-Independent)
Mr Liao Chung Lik [(2)]	Non-Executive Director (Non-Independent)
Mr Jimmy Yim Wing Kuen	Non-Executive Director (Non-Independent)
Mr Lim Ah Doo	Independent Non-Executive Director and Chairman of the Audit Committee (Lead Independent Director)
Ms Stefanie Yuen Thio	Independent Non-Executive Director (Independent)
Mr Lim Lee Meng	Independent Non-Executive Director (Independent)
Mr Lim Kong Puay	Independent Non-Executive Director (Independent)

NOTES:

(1) Mr Moses K. Song is the Alternate Director to Mr Lim Hwee Chiang John (Non-Independent)

(2) Resigned on 9 February 2018

The Board is entrusted with the responsibility for the overall management, strategic business direction, and risk management of Cache as well as the corporate governance of the Manager. The Board's role includes:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary resources are in place for Cache and the Manager to meet their objectives;
- establishing a framework of prudent and effective controls to assess and manage risks;
- providing oversight and reviews of Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect Cache's reputation;
- setting the ethical values and standards of corporate governance for the Manager and Cache, with the ultimate objective of safeguarding the interests of Unitholders and achieving sustainable growth for Cache; and
- considering sustainability issues such as environmental and social factors, as part of its strategic formulation.

Each Director is well respected within the corporate and/or international circles and brings to the Board diversified experience, objective judgement and strategic networking relationships, which serve to further the interests of Cache.

The Board has adopted internal guidelines setting out the requisite levels of authorisation. Matters requiring Board approval include business strategy, acquisitions and disposals, approval of annual budgets, financial plans, and review of financial statements. To assist the Board in discharging its oversight functions, appropriate delegations of authority to the management of the Manager ("Management") have been effected to facilitate operational efficiency.

The Board may also delegate its authority over specific transactions or below certain limits to the relevant Board committee where appropriate.

The Audit Committee was constituted to assist the Board in the discharge of its corporate governance and risk management responsibilities and operates under clear written terms of reference defining its authority and duties which have been approved by the Board.

Newly appointed Directors undergo a comprehensive induction programme providing them with information on Cache's business, strategic directions, governance practices, policies and their statutory duties and responsibilities as a Director. Formal training is provided for first-time Directors in areas such as accounting, legal and industry-specific knowledge where appropriate. All approved Directors are issued formal appointment letters explaining the terms of their appointment as well as their duties and obligations.

Directors continue to receive regular training, particularly on developments in laws, regulations and changes in relevant financial reporting standards during the briefings by external auditors, lawyers and external professionals at Board meetings. During the financial year ended 31 December 2017 ("FY2017"), Directors attended an "Update of REITs regulatory framework" workshop organised by Allen and Gledhill LLP and a "Singapore Industrial Real Estate Market and Logistics Sector Market Update" workshop organised by Knight Frank. In addition to talks conducted by professionals, the Directors are also able to attend relevant courses related to changes in the industry and seminars such as those conducted by the Singapore Institute of Directors. The cost of arranging and funding the training of Directors is borne by the Manager.

The Board meets regularly, at least once every quarter, to discuss and review key activities, including business strategies, proposed acquisitions and divestments, the annual budget, business performance and the financial performance of Cache. The Board also reviews and approves the release of the quarterly, mid-year and full-year results. The Constitution of the Manager provides for Directors to convene Board meetings by alternative means of teleconferencing or video conferencing or other similar means of communication. In line with the guidelines of the CG Code, time is set aside for discussion amongst the Board members without the presence of Management if/when required. In addition to meetings, the Board has access to Management at any time and may request further information or briefings on any aspect of Cache's operations, thereby facilitating the Board's continuous strategic oversight of Cache and the Manager. All Directors are expected to exercise objective judgement in the best interests of Cache.

The participation of each Director, as well as the number of Board and Audit Committee meetings held during FY2017, are disclosed below:

Meetings during FY2017	Board Meetings	Audit Committee meetings
Mr Lim How Teck	4/4	–
Mr Lim Hwee Chiang John *(Alternate – Mr Moses K. Song)*	3/4	–
Mr Liao Chung Lik	4/4	–
Mr Jimmy Yim Wing Kuen	3/4	–
Mr Lim Ah Doo	4/4	4/4
Ms Stefanie Yuen Thio	4/4	4/4
Mr Lim Lee Meng	4/4	4/4
Mr Lim Kong Puay	4/4	4/4

BOARD COMPOSITION AND GUIDANCE

Principle 2: **There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The composition of the Board is determined based on the following principles:

- the chairman of the Board (the "Chairman") should be a Non-Executive Director;
- at least half of the Board should comprise Independent Non-Executive Directors; and
- the Board should comprise Directors with a broad range of commercial experience including experience in fund management, finance, law and real estate.

As at 31 December 2017, the Board comprised eight members, all of whom are Non-Executive Directors, of which four are Independent Non-Executive Directors. This complies with the CG Code, which requires at least half of the Board to comprise Independent Directors where the Chairman is not an Independent Director.

The Non-Executive Directors contribute to the Board process as they provide alternative perspectives and enable the Board to make informed and balanced decisions. The Non-Executive Directors work with Management to help shape the strategic process and set direction and long-term objectives for Cache. When reviewing Management's proposals, the Non-Executive Directors exercise their objective judgement on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors meet without the presence of Management on an as-needed basis periodically.

The current composition of the Board of Directors of the Manager with effect from 9 February 2018 is as follows:

Mr Lim How Teck	Chairman and Non-Executive Director (Non-Independent)
Mr Lim Hwee Chiang John [1]	Non-Executive Director (Non-Independent)
Mr Loi Pok Yen [2]	Non-Executive Director (Non-Independent)
Mr Jimmy Yim Wing Kuen	Non-Executive Director (Non-Independent)
Mr Lim Ah Doo	Independent Non-Executive Director and Chairman of the Audit Committee (Lead Independent Director)
Ms Stefanie Yuen Thio	Independent Non-Executive Director (Independent)
Mr Lim Lee Meng	Independent Non-Executive Director (Independent)
Mr Lim Kong Puay	Independent Non-Executive Director (Independent)

NOTES:

[1] Mr Moses K. Song is the Alternate Director to Mr Lim Hwee Chiang John (Non-Independent).

[2] Appointed on 9 February 2018.

CORPORATE GOVERNANCE

The Board members bring with them core competencies and expertise and experience in various fields ranging from accounting and finance, legal to business management. Management is able to benefit from the diverse and objective perspectives of the Board members on issues brought before the Board. The Board also comprises both female and male Directors.

Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of Cache and its Unitholders.

The Board regularly reviews its size and composition to ensure an appropriate mix of skills, experience, gender and knowledge for the Group's operations. The Board views the size and current composition of the Board as appropriate and adequate, having regard to the nature and scope of the business operations and efficient decision making of Cache and the Manager. In addition, prior approval of the MAS is required for a change of any Board member or of the Chief Executive Officer ("CEO").

The independence of each Director is reviewed upon appointment and thereafter the Board reviews the independence of the Directors annually with reference to the guidelines set out in the CG Code and applicable laws and regulations.

None of the Independent Non-Executive Directors have any relationship with the Manager, its related corporations, its officers or the 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of Cache.

The assessment of a Director's independence also takes into account the enhanced independence requirements and the definition of "independent director" as set out in the draft amendments to the SF(LCB)R (the "Draft SF(LCB)R"). Under the enhanced independence requirements set out in the Draft SF(LCB)R, an independent director is one who: (i) is independent from any management and business relationship with the Manager and Cache; (ii) is independent from any substantial shareholder [1] of the Manager and any substantial Unitholder [2] of Cache; and (iii) has not served on the Board for a continuous period of nine years or longer. Each Independent Non-Executive Director has declared that there were no relationships (as defined in the enhanced independence requirements under the Draft SF(LCB)R) or instances that would otherwise deem him/her not to be independent and none of the Independent Non-Executive Directors have served more than nine years on the Board. Each of the Directors recused him/herself from reviewing his/her own independence.

On the basis of the declarations of independence provided, the Board has determined that each Independent Non-Executive Director is independent as defined under the independence requirements. To promote good corporate governance, the Board has appointed a Lead Independent Director since April 2013. The Lead Independent Director is available to Unitholders if the Unitholders have concerns and for which contact through the Chairman, the CEO or the Director of Finance & Operations has failed to resolve or is inappropriate. The Lead Independent Director facilitates meetings with the other Independent Directors on Board matters in the absence of the other Directors, when necessary, and provides his feedback to the Chairman after such meetings.

The Board considers that its present size, composition and balance between Non-Executive and Independent Directors is appropriate for the scope and nature of the operations of the Manager and Cache and allows for a balanced exchange of views, deliberations and debates among members and effective oversight of Management. All Directors exercise their judgement independently and objectively in the interests of Cache. No one individual or group dominates the Board's decisions or its process. There is a strong and independent element on the Board where:

(i) There are four Independent Non-Executive Directors and four Non-Executive Directors out of a total of eight members. Accordingly, 50% of the Board is made up of Independent Directors and 100% is made up of Non-Executive Directors on the Board;

(ii) There were two newly appointed Independent Non-Executive Directors in 2016, who bring fresh independent perspectives to the Board, out of a total of four independent members;

(iii) The Independent Non-Executive Directors have been assessed based on more stringent independence criteria which include (a) length of service of not more than nine years, (b) independence from management and business relationships with the Manager and Cache, (c) independence from substantial shareholders of the Manager and substantial Unitholders of Cache (where "substantial" is defined as not less than 5% of total votes attached to all the voting shares of the Manager or Units in Cache (as the case may be)), and (d) and other factors described in Principle 4 of this report;

NOTES:

[1] "substantial shareholders" refers to a person who has an interest or interests in one or more voting shares in the Manager and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Manager.

[2] "substantial unitholders" refers to a person who has an interest or interests in one or more Units and the total votes attached to that Unit or those Units is not less than 5% of the total votes attached to all the Units.

(iv) A separate Lead Independent Director has been appointed, given that the Chairman is not an Independent Director. The Lead Independent Director serves in a lead capacity to coordinate the activities of the non-executive members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to Cache and its Unitholders; and

(v) Interested Director(s) are required to abstain from voting when passing the Board resolution and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

With a strong and independent element on the Board, coupled with the relevant industry knowledge and strategic planning experience of its members, the Board is well placed to drive Cache to deliver sustainable unitholder value over time.

Key information regarding the Directors is disclosed on pages 14 to 17 and page 89 of this Annual Report.

Subsequent to 31 December 2017, Mr Loi Pok Yen was appointed as Non-Executive Director with effect from 9 February 2018. Mr Liao Chung Lik resigned as Non-Executive Director with effect from 9 February 2018.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and CEO are held by separate individuals to ensure an appropriate balance of power and authority, with clear divisions of responsibilities and accountability.

The Chairman and the CEO are not immediate family members.

The Chairman, who is Non-Executive, is responsible for the overall leadership and management of the Board. The Chairman sets the agenda for Board meetings, encourages constructive discussions between the Board and Management and promotes high standards of corporate governance.

The CEO has full executive responsibility over the business direction and operations of the Manager and Cache. The CEO is a licensed representative approved by the MAS and he is resident in Singapore.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Board renewal is a continuous and essential process to ensure that the Board remains relevant in a changing business environment and to uphold high corporate governance standards.

Cache has not established a Nominating Committee ("NC"), which comprises a majority of Independent Directors. Taking into account the activities of Cache and its current Board composition, the Board considers that the objectives of a NC are currently being achieved by the full Board, with sufficiently strong independence as described under Principle 2. The Board performs the full functions of the NC, which include tabling nominations, reviewing the structure, size, composition and performance of the Board, reviewing the independence of Directors and ensuring that there is professional development of its members. In respect of the search and nomination process for new Directors, the Board shortlists prospective candidates through contacts, external referrals, or by engaging third-party search companies to expand its reach for the best person for the role.

In recommending the appointment of new Directors, the Board takes into consideration the current and mid-term needs and goals of Cache, the current size and composition of the Board, including the diversity of skills, experience, gender and knowledge which the new Director can provide to the Board based on his or her key attributes, such as integrity, commitment, financial literacy, competencies, reputation and independence, as well as the candidate's ability to carry out his/her duties as a Director (in particular, when the Director holds multiple directorships) and to contribute to the proper guidance of the Manager in its management of Cache. All candidates are carefully evaluated by the Board to ensure that the recommendations are objective and well supported, taking into account the criteria under the Guidelines on Fit and Proper Criteria issued by the MAS for such appointments, which require the candidates to be competent, honest, to have integrity and be financially sound. The Board unanimously approves the appointment of new Directors via a Board resolution to assess the candidates' profiles and credentials. For re-appointment of Directors, the Manager assesses the relevant Directors, being at least one-third of the Board, who shall be re-elected at the Annual General Meeting of the Manager. No member of the Board will be involved in decision making relating to his own appointment, re-appointment and re-assessment of independence.

CORPORATE GOVERNANCE

The Board has taken cognisance of the guideline in the CG Code that requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold. The Board is however of the view that the Directors are already continuously being assessed as to whether they are committing adequate time and attention to the Board, attending Board meetings and contributing constructively to the Manager and Cache's affairs. Therefore, the Board believes that representing the Boards of other listed companies will not hinder the Directors from carrying out their duties. For FY2017, during the assessment of the Board's performance and attendance, the Board has determined that each individual Director has devoted sufficient time and attention to discharge his/her duties and responsibilities as a Director.

The independence of each Director is reviewed prior to appointments and thereafter the Board reviews the independence of the Directors annually with reference to the guidelines set out in the CG Code and applicable laws and regulations. In furtherance of a rigorous review of the independence of the Independent Directors, the Board has enhanced the internal assessment criteria. This rigorous review is applied equally to all Independent Directors and the factors considered include questions on family connections, voting arrangements at Unitholders' or Directors' meetings, financial dependency on Directors' fees and the level of objectivity demonstrated at such meetings.

The Board has received written declarations from each of the Independent Directors in respect of his/her independence and has reviewed and determined that Mr Lim Ah Doo, Ms Stefanie Yuen Thio, Mr Lim Lee Meng and Mr Lim Kong Puay are considered to be independent in respect of the guidelines under the CG Code and the proposed SF(LCB)R.

In relation to the legal proceedings at 51 Alps Ave, Singapore, which achieved a positive resolution in 2017, the Board had previously constituted a sub-committee which comprised entirely Independent Directors to deliberate and decide on all matters relating to the lease of the property.

BOARD PERFORMANCE

Principle 5: **There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.**

The Manager believes that collective Board performance and that of individual Board members are ultimately assessed and reflected in their proper guidance, diligent oversight, able leadership, and support provided to Management. The Board takes the lead to steer Cache in the appropriate direction, with oversight of the governance and long-term performance of Cache towards maximisation of Unitholders' value.

Contributions by an individual Board member is assessed based on various forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and the time and effort accorded to Cache's affairs.

The Board continuously assesses its effectiveness as a whole throughout the year and is of the view that the composition, performance and attendance of the Board, Board Committees and Directors were satisfactory and had met the Board's expectations of their performance. The Board has not engaged any external consultant to conduct a formal annual assessment of the performance of the Board and each individual Director. Where relevant, the Board will consider such an engagement.

ACCESS TO INFORMATION

Principle 6: **In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

Prior to any Board meeting, Management provides complete, timely and adequate information on Cache's affairs and issues as required in each instance.

The annual calendar of Board activities is scheduled in advance. Board papers are generally circulated at least three days before scheduled meetings so that Directors have sufficient time to review and consider matters tabled for discussion. Information provided to the Board includes financial results, market and business developments, and business and operational information. Management also surfaces key risk issues for discussion and confers with the Audit Committee and the Board regularly. If a Director is unable to attend a meeting, he or she would review the papers and advise the Chairman or the chairman of the relevant Board Committee of his or her views on the matters to other Directors who intend to be at the respective meeting.

The CEO regularly keeps the Board, including the Independent Non-Executive Directors, informed of key developments affecting Cache as well as material transactions so that the Board is kept fully aware of Cache's business, its business and financial environment, and the risks faced by Cache.

All Directors have separate and independent access to Management, the Company Secretaries, and the Internal Auditors and the external auditors of Cache (the "External Auditors") at all times. The Directors are entitled to request from Management and be provided with such additional information as needed by them to make informed decisions. The Directors, whether as a group or individually, may also obtain independent professional advice, as and when necessary, in furtherance of their duties.

The Company Secretaries work with the chairman of both the AC and the Board to ensure that all procedures and applicable rules and regulations are complied with, and advises on governance matters. In addition, the Company Secretaries attend all Board and AC meetings and act as a channel of communication for information flow to and within the Board and its select Board Committees and between Management and the Directors. The Company Secretaries also assist with the professional development and training for Directors as/when required. The appointment and removal of the Company Secretary shall be reviewed by the Board.

REMUNERATION MATTERS

Principle 7: **There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

LEVEL AND MIX OF REMUNERATION

Principle 8: **The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate: (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

The Manager hires experienced and well-qualified personnel to manage the day-to-day operational matters of Cache and the Manager.

The Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficiently strong independence to perform the full role of a Remuneration Committee ("RC"). Accordingly, the Board has considered that a separate RC, comprising a majority of Independent Directors, would not be necessary.

The Board has assessed the remuneration policies and practices of ARA and deemed such remuneration policies and practices to be appropriate for Cache. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has an established performance-based framework for the remuneration, compensation, benefits and succession planning for the Directors and key executives of the Manager.

The Manager, in adopting the remuneration policies and practices of ARA, ensures that such remuneration policy and packages:

(a) promote creation of sustainable value to align with the long-term interests of the Unitholders;

(b) are designed to attract and retain talented staff for present and future growth of the Group, while taking into account the prevailing market conditions within the industry; and

(c) are commensurate with the employees' responsibilities and rewards achievement of performance targets in an equitable way.

Under the remuneration policy and practice adopted, a comprehensive and structured performance assessment is carried out annually for the CEO and executives of the Manager. At the start of the year, key performance indicators for the Manager's executives are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time-bound. Such key performance indicators reflect organisational goals to increase unitholder value and are linked to Cache's and the individual's performance. A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the key performance indicators. Based on these reviews, the variable year-end bonus for the CEO and executives is determined. The Board has access to independent remuneration consultants as and when required.

CORPORATE GOVERNANCE

The remuneration structure of the CEO and executives of the Manager comprises an annual fixed pay which is benchmarked against the market to maintain competitiveness, and a variable performance bonus which is based on key performance indicators ("KPIs") that are tied to the financial performance of Cache in terms of asset value and property income, and the individual's performance related to the organisational goals. This allows for better alignment of executive compensation towards Unitholders' value creation. The remuneration is not linked to the gross revenue of Cache.

Based on the performance assessment, the Manager is of the view that the CEO and key executive officers have met their performance objectives. In addition to their base salary and a variable year-end bonus, both of which are paid in cash, designated executives of the REIT Manager participate in a Performance Based Bonus Scheme (the "Scheme"). Under the Scheme, designated executives of the Manager may be entitled to a pool of incentive payments based on certain performance indicators linked to the growth of Cache and optimising returns to Unitholders. The incentive payments are paid in cash and allocated amongst the designated executives based on various factors and conditions, including seniority, length of service, performance and contributions.

DISCLOSURE ON REMUNERATION

Principle 9: **Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

The Manager's compensation framework comprises fixed pay and variable bonus incentives. Executive remuneration is linked to individual performance based on an annual appraisal of each individual employee of the Manager.

The remuneration of Non-Executive Directors takes into account factors such as their time spent and responsibilities, including Board Committee memberships. Non-Executive Directors are paid a basic fee and those who perform additional services through Board Committees are paid additional fees for such services. The remuneration of the Directors for FY2017 comprised entirely of Directors' fees, which are paid in cash, details of which are set out below:

Remuneration Bands	Number of Directors
S$250,000 to S$500,000	0
Below S$250,000	8
Total	8

Remuneration Band / Name of Directors	Salary (S$)	Bonus (S$)	Directors' Fee (S$)	Others (S$)	Total (S$)
Lim How Teck	–	–	90,000	–	90,000
Lim Hwee Chiang John	–	–	45,000	–	45,000
Liao Chung Lik	–	–	45,000	–	45,000
Jimmy Yim Wing Kuen	–	–	45,000	–	45,000
Lim Ah Doo	–	–	85,000	–	85,000
Stefanie Yuen Thio	–	–	65,000	–	65,000
Lim Lee Meng	–	–	65,000	–	65,000
Lim Kong Puay	–	–	65,000	–	65,000
Moses K. Song (Alternate Director)	–	–	–	–	–
Loi Pok Yen [1]	–	–	–	–	–

NOTE:

[1] Mr Loi Pok Yen was appointed as Director with effect from 9 February 2018 and hence no fees were payable in FY2017.

The Manager is cognisant of the requirement to disclose: (i) the remuneration of the CEO and each individual Director on a named basis and (ii) the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are Directors), on a named basis, in bands of S$250,000. The Board has assessed and elected to disclose the remuneration of the Directors in bands of S$250,000 and not to disclose the remuneration of the CEO and executive officers on a named basis, whether in exact quantum or in bands of S$250,000 for the following reasons:

(i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five executive officers so as to minimise potential staff movement which would cause undue disruptions to the management of Cache;

(ii) the composition of the current management team has been quite stable and to ensure the continuity of business and operations of Cache, it is important that the Manager continues to retain its team of competent and committed staff;

(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top 5 executive officers and their performance; and

(iv) there is no misalignment between the remuneration of the executive officers and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of Cache and is paid out of the assets of the Manager and not Cache.

There is no employee of the Manager who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2017.

In FY2017, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel.

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Management provides the Board with a continual flow of relevant information on the performance of Cache on a timely basis in order that the Board may effectively discharge its duties.

The Board, with support from Management, is responsible for providing a balanced and understandable assessment of Cache's operating and financial performance, business operations, strategy and prospects. Financial statements of Cache are prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

Quarterly and annual financial statements and other material information, which would likely affect investment decisions, are disseminated to Unitholders through announcements on the SGX-ST in a timely manner, and via Cache's corporate website. The quarterly results and annual results are published within 45 days and 60 days of the reporting period respectively. Such financial reports are reviewed and approved by the Board before dissemination.

In addition, Management provides the Board with the policies and procedures which are put in place to comply with the necessary legislative and regulatory requirements. These include the compliance risk assessment and various checklists established under the SFA, SGX-ST, CIS Code, Trust Deed and standards.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Effective risk management is a fundamental part of Cache's ongoing operations. The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard Cache's assets and Unitholders' interests. Cache REIT operates within overall guidelines and specific parameters set by the Board.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continually identified, assessed and monitored by Management as part of Cache's enterprise-wide risk management framework (the "ERM Framework") and documented in the risk profile (the "Risk Profile") maintained by the Manager and reviewed by the Audit Committee and the Board.

The ERM Framework sets out the governing policies and procedures which comply with recommendations of the CG Code, and ensures that the risk management and internal control systems provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Management operates a Risk Management Committee ("RMC") which meets regularly to review the Risk Profile of Cache and reports to the Audit Committee on overall risk management matters quarterly. The RMC identifies the strategic, operational, financial, compliance and information technology risks faced by Cache and sets out the appropriate mitigating actions and monitoring mechanism to respond to these risks and changes in the external business environment. The Risk Profile highlights

the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board. The key risks highlighted in the Risk Profile include, amongst others, strategic, leasing, asset management, financial and compliance risks. The RMC comprises the CEO (as the head of the RMC), Director of Finance & Operations and Head of ARA Group Risk and Internal Audit Division ("GRM & IA").

The CEO and his management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective departmental heads with stewardship residing with the Board. The Internal Auditors also perform reviews of the Risk Profiles and related internal control systems, including financial, operational, compliance and information technology controls, as part of the internal audit plan approved by the Audit Committee.

Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of Cache's financial statements. The External Auditors report any significant deficiencies of such internal controls to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of Cache's risk management and internal control systems at least once annually.

The Audit Committee and the Board believe that the risk management measures in place to manage the risks are adequate and effective and the residual risks are acceptable.

In addition, an Internal Assessment Checklist ("1207(10) Checklist") has been used by Management as a guide to assess the adequacy of internal controls addressing financial, operational and compliance risks and to confirm whether there are any significant deficiencies. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit Committee, in conjunction with the reports submitted by the Internal and External Auditors, as well as the letters of undertaking from the CEO and Director of Finance & Operations of the Manager to give assurance on the state of internal controls.

Based on the internal controls established and maintained by the Manager, the 1207(10) Checklist and the reviews performed by the Internal and External Auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that taking into account the nature, scale and complexity of the Manager's operations, Cache's internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures are adequate and effective to meet the needs of Cache REIT in the current business environment.

The Audit Committee has also reviewed the adequacy of the resources and qualifications of the Manager's staff performing accounting, financial reporting and compliance roles.

The Board has also received written assurances from the CEO and Director of Finance & Operations of the Manager that as at 31 December 2017:

(i) the financial records have been properly maintained and that the financial statements give a true and fair view of Cache's operations and finances; and

(ii) the risk management and systems of internal controls established and maintained by the Manager are adequate and effective in addressing the material risks faced by Cache.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The Board has established an AC to assist in fulfilling its fiduciary responsibilities relating to corporate governance and interested person transactions. The core function of the AC is to oversee the integrity of all financial statements and related disclosures, and to review, monitor and report to the Board on the effectiveness of the Manager's system of internal controls, including financial, operational, compliance and information technology controls and risk management processes.

The AC is governed by written terms of reference, with explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation by Management and has full discretion to invite any Director or executive officer of the Manager to attend its meetings. The AC also has full access to resources to enable it to discharge its functions fully.

For FY2017, the AC comprises four Independent Non-Executive Directors:

Mr Lim Ah Doo	Chairman
Ms Stefanie Yuen Thio	Member
Mr Lim Lee Meng	Member
Mr Lim Kong Puay	Member

The Board currently fulfils the requirement that the AC of a REIT Manager comprises at least three Directors, the majority of whom, including the Chairman of the AC, is independent. In addition, the separation of the roles of the Chairman of the Board and the Chairman of the AC ensures greater independence of the AC in the discharge of its duties. None of the AC members was previously a partner or director of the incumbent external auditors within the previous 12 months or holds any financial interest in the external auditor.

The AC's responsibilities include:

- reviewing the system of internal controls, including financial, operational, compliance controls and risk management processes;
- reviewing the financial statements and auditors' report for recommendation to the Board for approval, including announcements of financial results;
- monitoring Management's compliance with applicable legislation such as the SFA, the Listing Manual and the Property Funds Appendix;
- reviewing with the Internal and External Auditors the audit plans, audit reports and their evaluation of the systems of internal controls;
- reviewing and monitoring procedures established to regulate Interested Person Transactions or Conflict of Interests (as defined in further sections below), including ensuring compliance with the provisions of the Listing Manual relating to transactions between Cache and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between Cache and an "interested party" (both such types of transactions constituting "Interested Person Transactions"), in particular that the transactions are on normal commercial terms and not prejudicial to the interests of the Unitholders, as well as the requirement that the Property Manager, as an Interested Person, is in compliance with the terms of the property management agreement;
- making recommendations to the Board on the proposals to the Unitholders on the appointment/re-appointment of the External Auditors, their terms of engagement and their fees, as well as reviewing the adequacy of the external audits in respect of cost, scope and performance;
- reviewing the scope and results of the external audit, and the independence and objectivity of the External Auditors, taking into consideration the non-audit services provided by the External Auditors. A breakdown of the aggregate amount of the audit and non-audit fees paid and payable by Cache to the External Auditors is disclosed on page 149 of this Annual Report; and
- reviewing the adequacy and effectiveness of the internal audit function, including resources, audit plans, scope and effectiveness.

The AC members bring with them professional expertise and experience in the financial, business management and corporate legal fields. Mr Lim Ah Doo has extensive financial management experience on the boards of listed companies and is a former senior banker, while Ms Stefanie Yuen Thio is a well-accomplished lawyer in corporate practice. Mr Lim Lee Meng was a former senior partner of an accounting firm and he was previously on the boards of other Singapore-listed REITs, and Mr Lim Kong Puay is a senior corporate executive.

The Board is of the view that the AC Chairman and AC members are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. The AC is kept abreast of changes to accounting standards and issues which have a direct impact on Cache. In FY2017, AC members were briefed on the key changes to the MAS regulations and the implications for Cache.

The AC meets at least four times in a year. Any decision made by the AC is passed upon majority vote whereby each member has an equal vote. In addition, the AC meets with the Internal and External Auditors at least once a year without the presence of the Management. The Internal and External Auditors may also request a meeting of the AC if either considers it necessary. Both the Internal Auditors and External Auditors have each confirmed having full access to and received the full cooperation and support of Management during the course of the financial year.

In FY2017, the AC:

- held four meetings;
- reviewed the internal and external audit plans to ensure that the plans were sufficiently comprehensive in terms of audit scope and in addressing significant internal controls of Cache;
- met with the Internal and External Auditors without the presence of Management to discuss their findings set out in their respective reports. Both the Internal and External Auditors have confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of their audits;

- received and approved the financial statements, and auditors' report;
- conducted a review of all non-audit services provided by the External Auditors and satisfied itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors as well as cost effectiveness of the audit before confirming their re-nomination; and
- reviewed the updated quarterly Risk Profile, all Interested Person Transactions and related documents.

The External Auditors presented their salient features memorandum to the Audit Committee, covering the audit focus areas, key audit matters findings, quality and independence. Specifically in FY2017, the AC discussed with Management and the External Auditors on significant financial reporting matters, in particular the key audit matter associated with valuation of investment properties. The AC concurs with the conclusion of the Management and the External Auditors on the key audit matter.

KPMG LLP ("KPMG") was re-appointed pursuant to the approval of the Unitholders on 19 April 2017 as External Auditors of Cache. Taking into consideration (i) the performance, resources and experience of KPMG, (ii) the terms of engagement, (iii) the number and the experience of KPMG's supervisory and professional staff assigned to the audit of Cache, (iv) the size and complexity of Cache and its subsidiaries, (v) the fees paid to KPMG for audit and non-audit services and (vi) the independence and objectivity of KPMG, the AC is of the view that KPMG is suitable to continue with its appointment as External Auditors of Cache and, with the concurrence of the Board, recommends its re-appointment at the forthcoming Annual General Meeting. The External Auditors have also confirmed their independence. The AC will continue to review the performance, independence and the suitability of KPMG as External Auditors.

The Manager confirms, on behalf of Cache, that Cache has complied with Rule 712 and Rule 715 of the Listing Manual in relation to the External Auditors.

WHISTLE-BLOWING POLICY

A Whistle-Blowing Policy is in place to provide an avenue through which employees and any other persons may report or communicate in confidence to the AC possible improprieties in matters of financial reporting or other matters, so that independent investigation of such concerns can be conducted and appropriate follow-up action taken.

The AC had approved the Whistle-Blowing Policy which ensures proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the AC.

New employees will be briefed on the Whistle-Blowing Policy during the staff orientation programmes. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are also covered as part of the staff's annual declaration of compliance.

The Whistle-Blowing Policy protects the confidentiality and identity of the complainant. Details of the Whistle-Blowing Policy and lodging procedures are available on Cache's corporate website. The website provides a feedback channel for any complainant to report possible improprieties directly to the AC, and copied to the Head of ARA GRM & IA, to facilitate an independent investigation of any matter raised and the taking of appropriate follow-up action as required.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Trustee appoints Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited, an independent professional, as the Internal Auditor to perform Internal Audit in FY2017. The previous Internal Auditor was Ernst & Young Advisory Pte. Ltd. which resigned as it was deemed to be in conflict where it is also the external auditor of a shareholder of ARA during FY2017.

The outsourced Internal Auditor is independent of Management and reports directly to the AC on audit matters and to Management on administrative matters. The AC is satisfied that the Internal has met the standards set by internationally recognised professional bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

In FY2017, the Internal Auditor conducted its audit reviews based on the internal audit plan approved by the AC and had unfettered access to all of Cache's and the Manager's documents, records and personnel. The internal audit plan adopts a risk-based approach covering all business of Cache and support functions of the Manager and Property Manager. The audit assignments cover the assessment of the design and operating effectiveness of the internal controls, as well as compliance with the stated policies and procedures.

The Internal Auditor reports its findings and recommendations to Management who would respond on the actions to be taken. At least twice yearly, the Internal Auditor submits a report on the status of the audit plan and audit findings and the actions taken by Management on such findings to the AC. The AC monitors and reviews the timely and proper implementation of any corrective or improvement measure undertaken by Management in this respect.

As part of the internal audit plan, the Internal Auditor evaluates financial, operational and compliance controls, and risk management processes. Any material non-compliance and internal control weakness are reported to the AC.

The AC approves the appointment, removal, evaluation of fees of the Internal Auditor, and conducts an assessment of the Internal Auditors' performance during re-appointments. The AC is satisfied that the Internal Auditor is qualified, adequately resourced to perform its functions effectively and has maintained its independence.

In addition to work performed by the Internal Auditor, Cache's External Auditors also performed tests of certain controls that are relevant to the preparation of the financial statements. The External Auditors will report any significant deficiencies of such internal controls to the AC. The AC also reviews the effectiveness of measures taken by Management in response to the issues noted by the External Auditors. The internal controls are continually being refined by Management.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Manager is committed to treating all Unitholders fairly and equitably. Unitholders are able to participate effectively and vote at general meetings of Cache where relevant rules and procedures governing such meetings are clearly communicated. All Unitholders are entitled to receive the annual report at least 14 days prior to the Annual General Meeting ("AGM").

COMMUNICATION WITH UNITHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Manager strives to uphold high standards of disclosure and corporate transparency. The Manager's investor relations and disclosure policy requires timely and accurate disclosure of all material information relating to Cache, on a non-selective basis, by way of public releases or announcements through SGX-ST and subsequently on its corporate website. The Manager also has a dedicated Investor Relations manager to facilitate communication between Cache, its Unitholders and the investment community. The Manager makes available all its briefing materials, financial information, annual reports and all SGX-ST announcements on its website at www.cache-reit.com. The website also includes contact details for investor enquiries and feedback.

The Manager regularly meets and communicates with Unitholders and the investment community through investment conferences, non-deal roadshows, one-on-one and group meetings. In addition, the Manager also participated in the annual REITs Symposium 2017 to raise public awareness about REITs and Cache. Site visits to Cache's properties were also conducted for the investment community. The Manager also conducts post-result briefings for analysts and the media.

More details on the Manager's investor relations activities are found on pages 24 and 25 of this Annual Report.

CONDUCT OF UNITHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

A copy of the annual report is sent to all Unitholders prior to the AGM. The Board supports and ensures that Unitholders are able to participate effectively and vote at the Unitholders' meetings as the AGMs serve as a good forum for Unitholders to meet the Board and Management, and to interact with them. Board members and senior Management will be present at each Unitholders' meeting to respond to any questions or feedback from Unitholders.

The External Auditors are also present to address queries raised by Unitholders.

Unitholders are allowed to vote in person or by proxy. At the meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice. Prior to voting at the AGM or any general meeting, the voting procedures are explained to Unitholders to facilitate the exercise of their votes. The Manager has not implemented absentia voting methods such as voting via email or fax due to security, integrity and other pertinent considerations.

The Manager has adopted electronic poll voting at its AGMs. An independent scrutineer is also appointed to validate the vote tabulation procedures. This allows all Unitholders present or represented at the meeting to vote on a one vote per Unit basis. The voting results of all votes cast for, or against, for each resolution are displayed at the meeting and announced to the SGX-ST after the meeting.

The Company Secretary prepares the minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and responses from the Board and Management and these minutes are available to Unitholders upon request.

Cache's current distribution policy is to distribute at least 90% of its annual distributable income.

ADDITIONAL INFORMATION

DEALINGS IN UNITS

The Manager has adopted an internal compliance code of conduct to provide guidance to Directors and Management in respect of dealings in Units.

In general, the policy ("the ARA Dealing in Securities Policy") encourages Directors and employees of the Manager to hold Units and not to deal in such Units for short-term consideration and also prohibits them from dealing in such Units:

- during the period commencing (i) two weeks before the public announcement of Cache's quarterly results; (ii) one month before the public announcement of Cache's annual results and (where applicable) any property valuations, and ending on the date of the announcement of the relevant result or property valuations; and
- at any time whilst in possession of price-sensitive information.

In accordance with the statutory regulations, the Directors and employees of the Manager are also prohibited from communicating price-sensitive information to any person. The Directors and employees of the Manager are advised to observe the following at all times:

- to act in the best interests of Cache's Unitholders;
- to avoid, and be seen to avoid, actual or potential conflict between personal interest and duty to Unitholders; and
- to comply with the prohibition on trading in Units as outlined in the Trading of Units Policy.

The Manager will also not itself deal in Units during the period commencing one month before the public announcement of Cache's annual and quarterly results and (where applicable) any property valuations, and ending on the date of announcement of such information. The Manager has complied with Rule 1207(19) of the Listing Manual.

DEALING WITH CONFLICTS OF INTEREST

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- the Manager will not manage any other real estate investment trust which invests in the same type of properties as Cache;
- all Management personnel will work exclusively for the Manager and will not hold other executive positions in other firms;
- all resolutions in writing of the Directors in relation to matters concerning Cache must be approved by a majority of the Directors, including at least one Independent Non-Executive Director;
- at least half of the Board comprises Independent Non-Executive Directors;
- in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non- Executive Directors and must exclude nominee Directors of the Sponsor and/or its subsidiaries;

- in respect of matters in which ARA and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by ARA and/or its subsidiaries to the Board to represent their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude nominee Directors of ARA and/or its subsidiaries; and
- it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee with an interested person of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an interested person of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an interested person of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such interested person.

The Directors of the Manager owe a fiduciary duty to Cache to act in the best interests of Cache, in relation to decisions affecting Cache when they are voting as a member of the Board. In addition, the Directors and executive officers of the Manager are expected to act with integrity at all times. The Manager has established a conflicts of interest policy for its employees and major service providers to ensure that any conflicts of interest or potential conflicts of interest are disclosed and approvals are sought where required.

INTERESTED PERSON TRANSACTIONS

The Manager has established an internal control system to ensure that all Interested Person Transactions ("IPT") will be undertaken on normal commercial terms and will not be prejudicial to the interests of Cache and its Unitholders. As a general rule, the Manager would have to demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining two or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all IPT which are entered into by Cache and the basis thereof, including any quotations from unrelated parties and independent valuations on which they are entered into. The Manager incorporates into its internal audit plan a review of all IPT entered into by Cache.

The following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Cache's net tangible assets will be subject to review by the AC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Cache's net tangible assets will be subject to the review and prior approval of the AC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Cache and its Unitholders, and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of Cache's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning Cache relate to transactions entered into or to be entered into by the Trustee with an interested person of the Manager and its associates or Cache, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions:

- are on normal commercial terms;
- are not prejudicial to the interests of Cache and its Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

CORPORATE GOVERNANCE

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested person of the Manager or Cache. If the Trustee is to sign any contract with an interested person of the Manager or Cache, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

Cache will announce any IPT in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Cache's latest audited net tangible assets. The aggregate value of all IPT which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Cache's annual report for that financial year.

ROLE OF THE AUDIT COMMITTEE FOR INTERESTED PERSON TRANSACTIONS

All IPT will be subject to regular periodic reviews by the AC. The Manager's internal control procedures are intended to ensure that IPT are conducted on an arm's length basis and under normal commercial terms and are not prejudicial to Cache and its Unitholders.

The AC shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor IPT have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with.

The AC will periodically review all IPT to ensure compliance with the Manager's internal control system, with the relevant provisions of the Listing Manual, and with the Property Funds Appendix. The review will include examining the nature of the transaction and its supporting documents or such other data deemed necessary by the AC. Where an interested party is engaged as property management agent or marketing agent for the Trust's properties, the Audit Committee will satisfy itself at least once every two (2) to five (5) years, that the Manager has (i) periodically reviewed the compliance of the agent with the terms of the agreement; and (ii) taken remedial actions where necessary and has documented the reasons for its conclusion.

If a member of the AC has an interest in a transaction, he/she is to declare the interest and abstain from participating in the review and approval process in relation to that transaction.

MATERIAL CONTRACTS

There are no material contracts entered into by Cache or any of its subsidiaries that involve the interests of the CEO, any Director, or any controlling Unitholder, except as disclosed in this Annual Report.

DATES OF INITIAL APPOINTMENT OF DIRECTORS IN ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED AND DIRECTORSHIPS IN LISTED COMPANIES

Name of Director	Appointment	Date Of Initial Appointment / Last Re-Election	Directorships in Listed Companies (As At 31 December 2017)	Past Directorships in Listed Companies held over the preceding three years
Lim How Teck	Chairman and Non-Executive Director	18 March 2010 / 22 April 2015	NauticAWT Limited	Mewah International Inc. ARA Asset Management Limited[1] Swissco Holdings Limited Rickmers Trust Management Pte. Ltd. (trustee-manager of Rickmers Maritime)[2]
Lim Hwee Chiang John	Non-Executive Director	15 October 2009 / 19 April 2017	ARA Asset Management Limited[1] Teckwah Industrial Corporation Ltd	Nil
Liao Chung Lik	Non-Executive Director	18 March 2010 / 22 April 2016	Nil	CWT Limited[3]
Jimmy Yim Wing Kuen	Non-Executive Director	18 March 2010 / 22 April 2016	CWT Limited[3] Low Keng Huat (Singapore) Limited Singapore Medical Group Limited	Nil
Loi Pok Yen	Non-Executive Director	9 February 2018 / N.A	CWT Limited[3]	Nil
Lim Ah Doo	Lead Independent Non-Executive Director and Chairman of the Audit Committee	18 March 2010 / 19 April 2017	GDS Holdings Limited GP Industries Limited Olam International Limited Sembcorp Marine Ltd Singapore Technologies Engineering Ltd SM Investments Corporation	Linc Energy Limited Bracell Limited
Stefanie Yuen Thio	Independent Non-Executive Director	18 March 2010 / 19 April 2017	Nil	Nil
Lim Kong Puay	Independent Non-Executive Director	1 January 2016 / 22 April 2016	Nil	Nil
Lim Lee Meng	Independent Non-Executive Director	1 January 2016 / 22 April 2016	Teckwah Industrial Corporation Ltd Tye Soon Limited	Nil
Moses K. Song	Alternate Director to Lim Hwee Chiang John	18 March 2010#	Nil	Nil

NOTES:

[1] Delisted on 19 April 2017

[2] Delisted on 27 July 2017

[3] Delisted on 18 December 2017

An alternate director is not subject to retirement and re-election

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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cache Logistics Trust (the "Trust") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA-CWT Trust Management (Cache) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014 and a first amending and restating deed dated 13 April 2016) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 97 to 157 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

Authorised signatory

1 March 2018

STATEMENT BY THE MANAGER

In the opinion of ARA-CWT Trust Management (Cache) Limited (the "Manager"), the accompanying financial statements set out on pages 97 to 157 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Portfolio Statements of the Group and of the Trust, Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Cache Logistics Trust (the "Trust") and its subsidiaries (the "Group") as at 31 December 2017, the total return, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
ARA-CWT Trust Management (Cache) Limited

Lim Hwee Chiang John
Director

1 March 2018

INDEPENDENT AUDITORS' REPORT

Unitholders of Cache Logistics Trust
(Constituted in the Republic of Singapore pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014 and a first amending and restating deed dated 13 April 2016))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cache Logistics Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2017, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 97 to 157.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movement in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2017 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditor's responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (Refer to Note 4 to the financial statements)

Risk:

As at 31 December 2017, the Group has nineteen (2016: nineteen) properties (collectively "investment properties"). These investment properties, including the asset held for sale, are stated at their fair values which amounted to $1.21 billion (2016: $1.24 billion).

These investment properties are stated at their fair values based on valuations performed by independent external valuers.

The valuation of investment properties require significant judgement in the determination of valuation methodologies and in deciding on the assumptions to be used. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties.

INDEPENDENT AUDITORS' REPORT

How the matter was addressed in our audit:

We assessed the Group's processes for appointing independent external valuers, the determination of their scope of work and the review and acceptance of the valuations reported by the external valuers.

We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We reviewed the appropriateness of the valuation methodologies adopted and the reasonableness of assumptions and estimates made. We challenged the appropriateness of these assumptions used, and also benchmarked them against other market comparables, where relevant. In respect of any assumptions falling outside the expected range, we have carried out further procedures and, where necessary, held further discussions with the valuers to understand the effects of additional factors that were taken into account in the valuations.

We also reviewed the adequacy of the disclosures in the financial statements concerning the inherent degree of subjectivity and uncertainty in the key assumptions applied in the valuations.

Our findings:

The Group has a process for the appointment and determination of the scope of work of valuers and in reviewing, challenging and accepting the independent valuations. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

In determining the fair values of the Group's investment properties, the valuers have adopted the Capitalisation Approach and the Discounted Cash Flow Analysis method. The reported fair value for each investment property is derived based on the average of the two approaches. These valuation methodologies used are in line with generally accepted market practices. The key assumptions and estimates, including the risk of estimation uncertainty, are appropriately disclosed in Note 4 to the financial statements.

Other information

ARA-CWT Trust Management (Cache) Limited, the Manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report.

Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Jee Cheng Philip.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
1 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Trust	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Investment properties	4	1,137,913	1,210,902	917,400	1,018,500
Plant and equipment	5	2,268	3,116	1,964	2,810
Investments in subsidiaries	6	–	–	83,699	73,310
Derivative assets	11	–	43	–	43
		1,140,181	1,214,061	1,003,063	1,094,663
Current assets					
Trade and other receivables	7	4,763	5,411	57,253	43,325
Asset held for sale	4	69,000	25,273	69,000	25,273
Derivative assets	11	38	–	38	–
Cash and cash equivalents	8	14,969	13,561	11,610	10,562
		88,770	44,245	137,901	79,160
Total assets		1,228,951	1,258,306	1,140,964	1,173,823
Current liabilities					
Trade and other payables	9	15,157	13,855	13,428	11,977
Interest-bearing borrowings	10	124,993	4,628	124,993	4,628
Derivative liabilities	11	1,071	20	1,071	20
		141,221	18,503	139,492	16,625
Non-current liabilities					
Trade and other payables	9	1,091	2,102	1,091	2,102
Interest-bearing borrowings	10	319,670	534,237	238,708	453,397
Derivative liabilities	11	951	1,962	686	1,756
Deferred tax liabilities		350	364	–	–
		322,062	538,665	240,485	457,255
Total liabilities		463,283	557,168	379,977	473,880
Net assets		765,668	701,138	760,987	699,943
Represented by:					
Unitholders' funds		765,668	701,138	760,987	699,943
Units in issue and to be issued ('000)	12	1,069,700	900,450	1,069,700	900,450
Net asset value per Unit ($)	20	0.72	0.78	0.71	0.78

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2017

	Note	Group		Trust	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Gross revenue	14	111,960	111,271	93,452	94,735
Property expenses	15	(24,669)	(23,257)	(22,114)	(21,065)
Net property income		87,291	88,014	71,338	73,670
Dividend income		–	–	8,256	7,303
Finance income		40	30	2,501	1,702
Finance expenses		(18,651)	(19,529)	(15,535)	(16,359)
Net financing costs	16	(18,611)	(19,499)	(13,034)	(14,657)
Manager's fees	17	(7,560)	(7,834)	(7,560)	(7,834)
Trustee's fees		(525)	(510)	(377)	(394)
Valuation fees		(138)	(100)	(88)	(63)
Other trust expenses	18	(2,415)	(2,515)	(1,722)	(1,905)
		(10,638)	(10,959)	(9,747)	(10,196)
Net income		58,042	57,556	56,813	56,120
Net change in fair value of investment properties	4	(31,775)	(80,744)	(34,783)	(83,180)
Net change in fair value of financial derivatives		(1,037)	–	(1,037)	–
Impairment loss on investments in subsidiaries	6	–	–	–	(4,800)
Total return for the year before tax and distribution		25,230	(23,188)	20,993	(31,860)
Tax expense	19	(1,310)	(782)	(1,129)	(565)
Total return for the year after tax, before distribution		23,920	(23,970)	19,864	(32,425)
Earnings per Unit (cents)	21				
Basic		2.46	(2.56)[1]	2.05	(3.46)[1]
Diluted		2.45	(2.56)[1]	2.04	(3.46)[1]

[1] These figures have been restated for the effect of the Rights Issue undertaken by Cache Logistics Trust which was completed on 9 October 2017.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Amount available for distribution to Unitholders at the beginning of the year	16,671	10,502	16,671	10,502
Total return after tax, before distribution	23,920	(23,970)	19,864	(32,425)
Non-tax deductible items and other adjustments (Note A)	40,483	90,885	44,539	99,340
A portion of sales proceeds from the disposal of investment property	1,612	2,403	1,612	2,403
Income available for distribution	82,686	79,820	82,686	79,820
Distributions made during the year:				
Distribution of 1.174 cents per Unit for the period 13 November 2015 to 31 December 2015	–	(10,489)	–	(10,489)
Distribution of 2.039 cents per Unit for the period 1 January 2016 to 31 March 2016	–	(18,248)	–	(18,248)
Distribution of 1.989 cents per Unit for the period 1 April 2016 to 30 June 2016	–	(17,830)	–	(17,830)
Distribution of 1.847 cents per Unit for the period 1 July 2016 to 30 September 2016	–	(16,582)	–	(16,582)
Distribution of 1.850 cents per Unit for the period from 1 October 2016 to 31 December 2016	(16,658)	–	(16,658)	–
Distribution of 1.800 cents per Unit for the period from 1 January 2017 to 31 March 2017	(16,235)	–	(16,235)	–
Distribution of 1.800 cents per Unit for the period from 1 April 2017 to 30 June 2017	(16,253)	–	(16,253)	–
Distribution of 1.541 cents per Unit for the period from 1 July 2017 to 30 September 2017	(16,448)	–	(16,448)	–
Total distributions made during the year	(65,594)	(63,149)	(65,594)	(63,149)
Amount available for distribution to Unitholders at the end of the year	17,092	16,671	17,092	16,671
Note A				
Non-tax deductible items and other items comprise:				
Commitment fee	302	284	302	284
Amortisation/write-off of transaction costs	1,701	2,040	1,577	1,919
Manager's fees paid/payable in units	5,670	5,875	5,670	5,875
Net change in fair value of investment properties	31,775	80,744	34,783	83,180
Net change in fair value of financial derivatives	1,037	–	1,037	–
Impairment loss on investment in subsidiaries	–	–	–	4,800
Trustee's fees	525	510	377	394
Depreciation	941	946	829	852
Deferred taxation	(8)	63	–	–
Unrealised foreign exchange loss	317	148	279	97
Overseas income not distributed to the Trust	–	–	1,440	1,679
51 Alps Avenue compensation amount [2]	(1,892)	–	(1,892)	–
Other items	115	275	137	260
Net effect of non-tax deductible items and other items	40,483	90,885	44,539	99,340
Distribution per Unit (cents) (Note 21)	6.583	7.391[1]	6.583	7.391[1]

[1] These figures have been restated for the effect of the Rights Issue undertaken by Cache Logistics Trust which was completed on 9 October 2017.

[2] The amount retained (net of relevant expenses) relates to the compensation received for the shortfall in rental, compared to market rent, for the period from 1 September 2016 to 31 December 2017 and the recovery of legal costs incurred in the legal proceedings in respect of 51 Alps Avenue, Singapore. The Manager has applied to the Inland Revenue Authority of Singapore (IRAS) for tax transparency for this amount (see Note 19).

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2017

	Note	Group		Trust	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Unitholders' fund at the beginning of the year		701,138	786,510	699,943	793,608
Total return after tax, before distribution		23,920	(23,970)	19,864	(32,425)
Effective portion of changes in fair value of cash flow hedge		934	(4,053)	999	(3,966)
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(505)	(75)	–	–
Net gain/(loss) recognised directly in Unitholders' funds		429	(4,128)	999	(3,966)
Unitholders' transactions					
Units issued:					
– Units issued pursuant to Rights Issue		102,742	–	102,742	–
– Manager's base fees paid in Units		3,527	3,696	3,527	3,696
Units to be issued:					
– Manager's base fees payable in Units		1,161	1,189	1,161	1,189
– Manager's performance fees payable in Units		982	990	982	990
Issue expenses in relation to the Rights Issue	22	(2,637)	–	(2,637)	–
Distributions to Unitholders		(65,594)	(63,149)	(65,594)	(63,149)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		40,181	(57,274)	40,181	(57,274)
Unitholders' funds at the end of the year		765,668	701,138	760,987	699,943

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

GROUP

Description of property	Type	Lease term for underlying land	Location	Occupancy rate as at 31 December 2017 %	Occupancy rate as at 31 December 2016 %	Carrying values as at 31 December 2017 $'000	Carrying values as at 31 December 2016 $'000	% of net assets as at 31 December 2017 %	% of net assets as at 31 December 2016 %
SINGAPORE									
CWT Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	100	100	318,000	328,000	41.5	46.8
Cache Cold Centre	Logistics	30 years wef 20 December 2005[1]	2 Fishery Port Road, Singapore	87	87	130,000	130,000	17.0	18.5
Schenker Megahub	Logistics	30 years wef 1 June 2005[1]	51 Alps Avenue, Singapore	100	100	78,500	80,900	10.3	11.5
Hi-Speed Logistics Centre[4]	Logistics	30 years wef 16 August 2005[1]	40 Alps Avenue, Singapore	80	96	69,000	71,000	9.0	10.1
Cache Changi Districentre 1	Logistics	30 years wef 16 August 2005[1]	5 Changi South Lane, Singapore	91	89	89,900	95,200	11.7	13.6
Cache Changi Districentre 2	Logistics	30 years wef 16 February 1996[1]	3 Changi South Street 3, Singapore	37	100	16,200	18,100	2.1	2.6
Cache Changi Districentre 3[3]	Logistics	30 years wef 1 January 2004	6 Changi North Way, Singapore	–	100	–	25,273	–	3.6
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007[2]	22 Loyang Lane, Singapore	100	100	12,000	12,000	1.6	1.7
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	35,400	36,300	4.6	5.2
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	93	87	44,000	50,000	5.8	7.1
Precise Two	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	43,100	46,700	5.6	6.7
Balance carried forward						836,100	893,473	109.2	127.4

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

GROUP (CONT'D)

Description of property	Type	Lease term for underlying land	Location	← Occupancy rate → as at 31 December 2017 %	31 December 2016 %	← Carrying values → as at 31 December 2017 $'000	31 December 2016 $'000	← % of net assets → as at 31 December 2017 %	31 December 2016 %
SINGAPORE (CONT'D)									
Balance brought forward						836,100	893,473	109.2	127.4
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	96	150,300	150,300	19.6	21.4
CHINA									
Jinshan Chemical Warehouse	Logistics	50 years wef 18 September 2006	288 Gongchuang Road, Shanghai, China	100	84	16,026	16,367	2.1	2.3
AUSTRALIA									
Chester Hill (NSW)	Logistics	Freehold	127 Orchard Road, Chester Hill, New South Wales, Australia	100	100	44,374	41,764	5.8	6.0
Somerton (VIC)	Logistics	Freehold	16 – 28 Transport Drive, Somerton, Victoria, Australia	100	100	26,103	25,058	3.4	3.6
Coopers Plains (QLD)	Logistics	Freehold	51 Musgrave Road, Coopers Plains, Queensland, Australia	53	27	8,457	8,718	1.1	1.2
Wacol (QLD)	Logistics	Freehold	203 Viking Drive, Wacol, Queensland, Australia	100	100	29,235	29,235	3.8	4.2
Wacol 2 (QLD)	Logistics	Freehold	223 Viking Drive, Wacol, Queensland, Australia	100	100	11,224	11,224	1.5	1.6
Kidman Park (SA)	Logistics	Freehold	404-450 Findon Road, Kidmark Park, South Australia, Australia	100	100	61,602	60,036	8.0	8.6
Laverton (VIC)	Logistics	Freehold	217-225 Boundary Road, Laverton North, Victoria, Australia	100	–	23,492	–	3.1	–
Investment properties and asset held for sale						1,206,913	1,236,175	157.6	176.3
Other assets and liabilities (net)						(441,245)	(535,037)	(57.6)	(76.3)
Net assets						765,668	701,138	100.0	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

TRUST

Description of property	Type	Lease term for underlying land	Location	← Occupancy rate → as at 31 December 2017 %	← Occupancy rate → as at 31 December 2016 %	← Carrying values → as at 31 December 2017 $'000	← Carrying values → as at 31 December 2016 $'000	← % of net assets → as at 31 December 2017 %	← % of net assets → as at 31 December 2016 %
SINGAPORE									
CWT Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	100	100	318,000	328,000	41.7	46.9
Cache Cold Centre	Logistics	30 years wef 20 December 2005[1]	2 Fishery Port Road, Singapore	87	87	130,000	130,000	17.1	18.6
Schenker Megahub	Logistics	30 years wef 1 June 2005[1]	51 Alps Avenue, Singapore	100	100	78,500	80,900	10.3	11.6
Hi-Speed Logistics Centre[4]	Logistics	30 years wef 16 August 2005[1]	40 Alps Avenue, Singapore	80	96	69,000	71,000	9.1	10.0
Cache Changi Districentre 1	Logistics	30 years wef 16 August 2005[1]	5 Changi South Lane, Singapore	91	89	89,900	95,200	11.8	13.6
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Cache Changi Districentre 3[3]	Logistics	30 years wef 1 January 2004	6 Changi North Way, Singapore	–	100	–	25,273	–	3.6
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007[2]	22 Loyang Lane, Singapore	100	100	12,000	12,000	1.6	1.7
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	35,400	36,300	4.7	5.2
Balance carried forward						749,000	796,773	98.4	113.8

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

TRUST (CONT'D)

Description of property	Type	Lease term for underlying land	Location	← Occupancy rate → as at 31 December 2017 %	← Occupancy rate → as at 31 December 2016 %	← Carrying values → as at 31 December 2017 $'000	← Carrying values → as at 31 December 2016 $'000	← % of net assets → as at 31 December 2017 %	← % of net assets → as at 31 December 2016 %
SINGAPORE (CONT'D)									
Balance brought forward						749,000	796,773	98.4	113.8
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	93	87	44,000	50,000	5.8	7.1
Precise Two	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	43,100	46,700	5.6	6.7
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	96	150,300	150,300	19.8	21.5
Investment properties and asset held for sale						986,400	1,043,773	129.6	149.1
Other assets and liabilities (net)						(225,413)	(343,830)	(29.6)	(49.1)
Net assets						760,987	699,943	100.0	100.0

(1) The Trust has an option to renew the land lease for a further term of 30 years upon expiry.

(2) The Trust has an option to renew the land lease for a further term of 16 years upon expiry.

(3) The property has been reclassified as Asset held for sale as at 31 December 2016. The property was sold on 23 January 2017.

(4) The property has been reclassified as Asset held for sale as at 31 December 2017. The proposed divestment of the property was announced on 18 January 2018.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

Note:

Investment properties mainly comprise logistics warehouse properties under master lease arrangements and multi-tenanted lease arrangements.

The carrying amounts of the investment properties as at 31 December 2017 are based on the independent valuations undertaken by CBRE Pte. Ltd., Knight Frank Pte Ltd, CBRE Limited, CIVAS (NSW) Pty Limited, CIVAS (VIC) Pty Limited, CIVAS (QLD) Pty Limited and CIVAS (SA) Pty Limited (2016: CBRE Pte. Ltd., Knight Frank Pte Ltd, CBRE Limited, CIVAS (NSW) Pty Limited, Valuations Services (SA) Pty Ltd, CBRE Valuations Pty Limited and Jones Lang LaSalle Advisory Services Pty Limited) (the "Independent Valuers").

Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. The Independent Valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on capitalisation approach and discounted cash flow analysis.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Total return after taxation before distribution		23,920	(23,970)
Adjustments for:			
Net change in fair value of investment properties		31,775	80,744
Net change in fair value of financial derivatives		1,037	–
Manager's fees paid/payable in Units	A	5,670	5,875
Depreciation of plant and equipment		941	946
Net financing costs		18,611	19,499
Fixed assets written off		21	–
Tax expense		1,310	782
		83,285	83,876
Changes in:			
– Trade and other receivables		(1,803)	(3,207)
– Trade and other payables		1,967	1,531
Cash generated from operations		83,449	82,200
Tax paid		(1,042)	(904)
Net cash from operating activities		82,407	81,296
Cash flows from investing activities			
Interest received		40	30
Capital expenditure on investment properties		(2,653)	(6,034)
Purchase of investment properties		(25,438)	–
Purchase of plant and equipment		(118)	(1,173)
Proceeds from disposal of investment property*		25,273	–
Net cash used in investing activities		(2,896)	(7,177)
Cash flows from financing activities			
Proceeds from Rights Issue		102,742	–
Issue expenses paid in relation to Rights Issue		(2,637)	–
Interest paid		(17,004)	(17,706)
Proceeds from borrowings		28,000	132,000
Repayment of borrowings		(123,900)	(119,030)
Financing costs paid		–	(765)
Distributions to Unitholders		(65,594)	(63,149)
Net cash used in financing activities		(78,393)	(68,650)
Net increase in cash and cash equivalents		1,118	5,469
Cash and cash equivalents at 1 January		13,561	8,054
Effect of exchange rate fluctuations on cash held		290	38
Cash and cash equivalents at 31 December		14,969	13,561

* Net of transaction costs of $227,500 (2016: Nil)

A Significant non-cash transactions

The total Manager's fees paid/payable in Units for the year ended 31 December 2017 amounted to approximately $5,670,000 (2016: $5,875,000). This comprises 6,684,606 (2016: 6,978,032) Units, of which 4,140,833 (2016: 4,287,264) Units were issued during the year and another 2,543,773 (2016: 2,690,768) Units will be issued to the Manager by the Trust subsequent to the year ended.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 1 March 2018.

1 GENERAL

Cache Logistics Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014 and a first amending and restating deed dated 13 April 2016) (the "Trust Deed") entered into between ARA-CWT Trust Management (Cache) Limited, as manager of the Trust (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of the Trust (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 April 2010 and was included in the Central Provident Fund ("CPF") Investment Scheme on 12 April 2010.

The financial statements of the Group as at and for the year ended 31 December 2017 comprise the Trust and its subsidiaries (together referred to as the "Group").

The principal activities of the Group and the Trust are those relating to investment in income producing real estate and real estate related assets, which are used or predominantly used for logistics purposes in Asia Pacific, with the primary objective of providing Unitholders with regular and stable distributions and long-term capital growth.

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

1.1 Property Manager's fees

Cache Property Management Pte. Ltd. (the "Property Manager") is entitled under the property management agreements to the following management fees:

For Singapore and China Properties:

- a property management fee of 2.0% per annum of gross revenue of each property; and
- a lease management fee of 1.0% per annum of gross revenue of each property.

For Australia Properties:

- a property and lease management fee of 2.0% per annum of net rental income of each property.

The property management fee and the lease management fee are payable to the Property Manager in the form of cash.

1.2 Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to the following manager's fees:

- a base fee of 0.5% per annum of the value of the consolidated assets; and
- a performance fee of 1.5% per annum of the net property income.

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). The Manager has in year ended 31 December 2017 elected to receive 75% (2016: 75%) of the manager's fees in the form of Units, and 25% (2016: 25%) in cash.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

1.3 Trustee's fees

Under the Trust Deed, the Trustee's fee is presently charged at 0.03% (2016: 0.03%) per annum of the value of all the assets of the Trust (the "Deposited Property"), subject to a minimum of $15,000 per month, excluding out-of-pocket expenses and GST. The maximum fee is 0.25% per annum of the value of the Deposited Property.

The actual fee payable to the Trustee will be determined between the Manager and the Trustee from time to time.

The Trustee and Manager have also engaged a third party to provide wholesale trustee and custodian services for the Australian subsidiaries. Under the service agreements, the fees payable for each subsidiary ranges from A$12,500 to A$36,000 per annum.

1.4 Acquisition fees

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 1% of the acquisition price of any real estate purchased plus any other payments in addition to the acquisition price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the acquisition is from an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

1.5 Divestment fees

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the sale price of the real estate sold or divested, plus any other payments in addition to the sale price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the divestment is to an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for investment properties, asset held for sale, and financial derivatives which are stated at fair value, as set out in the accounting policies described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements is included in Note 4 – Investment properties and asset held for sale.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer of the Manager.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee of the Manager.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 4, 10, 11 and 13.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies and recommended accounting practice

(i) RAP 7

RAP 7 was revised in March 2017 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised March 2017) ("Revised RAP 7") is applicable to unit trusts with annual periods beginning on or after 1 July 2016. The adoption of the Revised RAP 7 did not result in any significant changes to the accounting policies of the Trust and had no material effect on the amounts reported for current or prior financial years.

(ii) Disclosure Initiative (Amendment to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 10).

3 SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount is transferred to the statement of total return.

3.3 Investment properties

Investment properties are properties held mainly to earn rental income and are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are accounted for as non-current assets except if they meet the conditions to be classified as held for sale (see Note 3.4). These properties are measured at cost on initial recognition and at fair value thereafter. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair values of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS; and
- where the Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

Fair value changes are recognised in the statement of total return. When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are not depreciated. The properties are subject to continued maintenance and are regularly revalued on the basis described above.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Asset held for sale

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for sale and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Plant and equipment

(i) Recognition and measurement

All plant and equipment are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use. The estimated useful lives for the current and comparative years are as follows:

• Fixtures and fittings	3 years
• Plant, machinery and improvements	2 to 20 years
• Office equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(iii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the statement of total return.

3.6 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables excluding prepayments. Cash and cash equivalents comprise cash balances.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise interest-bearing borrowings, and trade and other payables.

(iii) Unitholders' funds

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity. Expenses incurred in the issuance of Units in the Trust are deducted directly against Unitholders' funds.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iv) Derivative financial instruments, including hedge accounting (cont'd)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are initially measured at fair value; attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of total return, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

When the hedged item is a non-financial asset, the amount accumulated in the hedging reserve is retained in the Unitholders' funds and reclassified to the statement of total return in the same period or periods during which the non-financial item affects total return. In other cases, the amount accumulated in hedging reserve is reclassified to the statement of total return in the same period that the hedged item affects the total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is recognised immediately in the statement of total return.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of the derivative instruments that are not designated in a hedge relationship that qualifies for hedge accounting are recognised immediately in the statement of total return.

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a tenant, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy or adverse changes in the payment status of debtors.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

The Group considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Revenue

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of total rental to be received, over the term of the lease. Contingent rentals are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contain a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.10 Expenses

(i) Property expenses

Property expenses consist of property management fee and lease management fee (using the applicable formula stipulated in Note 1.1) and reimbursable expenses payable to the Property Manager and other property expenses in relation to the investment properties.

Property expenses are recognised as and when incurred and recorded on an accrual basis.

(ii) Manager's fees

Manager's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.2.

(iii) Trustee's fees

Trustee's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.3.

(iv) Foreign currency gains and losses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either net foreign exchange gain or net foreign exchange loss and recognised within "other trust expenses" on the statement of total return depending on whether foreign currency movements are in a net gain or net loss position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Finance income and expenses

Finance income comprises interest income. Finance income is recognised as it accrues in the statement of total return, using the effective interest method.

Finance expenses include interest expense on borrowings and derivative financial instruments and amortisation of transaction costs incurred on borrowings. All borrowing costs are recognised in the statement of total return using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling issued by IRAS which includes a distribution of at least 90% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to Unitholders that are made out of the taxable income of the Trust (the "tax transparency treatment"), except:

(i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distribution as investment income (excluding income received through a partnership) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) where the beneficial owners are foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 March 2020, unless the concession is extended.

A Qualifying Unitholder is a Unitholder who is:

- a Singapore-incorporated company which is a tax resident in Singapore;
- a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club, and a trade and industry association);
- a Singapore branch of a foreign company; or
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145).

A foreign non-individual Unitholder is one who is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties. If considered to be trading gains, tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3.13 Distribution policy

The Group's distribution policy is to distribute at least 90% of its distributable income. Distributions are usually made on a quarterly basis, no later than 60 days after the end of the distribution period.

3.14 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Trust by the weighted-average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted-average number of Units outstanding for the effects of all dilutive potential Units.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

Applicable to 2018 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

Potential impact on the financial statements

The Group does not expect the impact on the financial statements to be significant. Certain additional disclosures would be required by FRS 115.

Transition

The Group plans to adopt the standard when it becomes effective in 2018.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

FRS 109 *Financial Instruments (cont'd)*

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

Overall, the Group does not expect a significant impact on its opening Unitholders' funds. The Group's initial assessment of the three elements of FRS 109 is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For derivative instruments currently held at fair value, the Group expects to measure them at fair value under FRS 109.

Impairment

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

Hedge accounting

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Transition

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

Applicable to 2019 financial statements

The Group is still assessing the impact of the new FRSs, amendments to and interpretations of FRSs on the financial statements. The Group's preliminary assessment of FRS 116, which is expected to have a material impact to the Group, is as described below.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted (cont'd)

FRS 116 *Leases*

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (see Note 24).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

i. The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The operating lease commitments on an undiscounted basis amount to approximately 9.8% of the consolidated total assets and 26.1% of consolidated total liabilities, and approximately 10.6% of the Trust's total assets and 31.8% of the Trust's total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses relating to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

ii. The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE

	Note	Group		Trust	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
At 1 January		1,236,175	1,307,959	1,043,773	1,119,900
Acquisition of an investment property		25,438[1]	–	–	–
Reclassified from plant and equipment	5	–	147	–	147
Disposal of an investment property		(25,273)	–	(25,273)	–
Capital expenditure capitalised		2,653	6,034	2,604	5,890
Straight-line effective rent adjustment		552	1,702	79	1,016
Translation difference		(857)	1,077	–	–
		1,238,688	1,316,919	1,021,183	1,126,953
Changes in fair values during the year		(31,775)	(80,744)	(34,783)	(83,180)
At 31 December		1,206,913	1,236,175	986,400	1,043,773
Investment properties (non-current)		1,137,913	1,210,902	917,400	1,018,500
Asset held for sale (current)		69,000	25,273	69,000	25,273
		1,206,913	1,236,175	986,400	1,043,773

[1] Included in acquisition of investment property as at 31 December 2017 is acquisition fee paid to the Manager of $239,000.

Asset held for sale

An investment property with a carrying value of $69,000,000 as at 31 December 2017 (2016: $25,273,000) was reclassified as asset held for sale. This reclassification was required by FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* as the divestment is planned within the next 12 months from the reporting date. The divestment of the property classified as asset held for sale as at 31 December 2016 was subsequently completed on 23 January 2017 for a gross sale consideration of $25.5 million (before transaction costs of approximately $0.2 million).

Securities

As at 31 December 2017, certain investment properties have been pledged as securities for loan facilities granted by financial institutions to the Group and to the Trust (see Note 10). The aggregate carrying amount of the securities are as follows:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Investment properties	898,271	916,611	728,500	751,800

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE (CONT'D)

Measurement of fair value

In determining the fair value of investment properties, the independent external valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation techniques and estimates used are reflective of current market conditions.

The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at each reporting date.

The valuers have considered the capitalisation approach and discounted cash flows analysis in arriving at the valuation as at each reporting date.

The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted for market rentals currently being achieved for comparable investment properties and recent leasing transactions. The discounted cash flow analysis involves the estimation and projection of an income stream over a period and discounting the income stream with a rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target rate of return consistent with current market requirements.

The fair value measurement for investment properties based on the inputs to the valuation techniques used is as follows:

	Level 3 $'000
Group	
2017	
Investment properties (including asset held for sale)	1,206,913
2016	
Investment properties (including asset held for sale)	1,236,175
Trust	
2017	
Investment properties (including asset held for sale)	986,400
2016	
Investment properties (including asset held for sale)	1,043,773

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE (CONT'D)

Measurement of fair value (cont'd)

The following table shows the significant unobservable inputs used in the valuation models:

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties consisting of logistics warehouse properties for leasing	**Group** • Terminal yield rates of 6.50% to 7.75% (2016: 6.50% to 9.25%) • Discount rates of 7.00% to 9.50% (2016: 7.25% to 9.50%) • Capitalisation rates of 6.25% to 7.75% (2016: 6.25% to 9.00%) • Market rental growth rates of 0.90% to 4.25% (2016: 0.90% to 4.33%) **Trust** • Terminal yield rates of 6.50% to 6.75% (2016: 6.50% to 6.75%) • Discount rates of 7.75% to 8.00% (2016: 7.75% to 8.00%) • Capitalisation rates of 6.25% to 6.50% (2016: 6.25% to 6.50%) • Market rental growth rates of 0.90% to 3.50% (2016: 0.90% to 3.50%)	The estimated fair values would increase/ (decrease) if: • the terminal yield rates were lower/(higher); • the discount rates were lower/(higher); • the capitalisation rates were lower/(higher); or • the market rental growth rates were higher/ (lower).

5 PLANT AND EQUIPMENT

	Note	Fixtures and fittings $'000	Plant, machinery and improvements $'000	Office equipment $'000	Total $'000
Group					
Cost					
At 1 January 2016		4	4,040	27	4,071
Additions		9	1,158	6	1,173
Reclassified to investment properties	4	–	(318)	–	(318)
Translation difference		–	(13)	–	(13)
At 31 December 2016		13	4,867	33	4,913
Additions		–	114	4	118
Disposals		–	(33)	–	(33)
Translation difference		–	(6)	–	(6)
At 31 December 2017		13	4,942	37	4,992
Accumulated depreciation					
At 1 January 2016		2	1,003	17	1,022
Depreciation		1	939	6	946
Reclassified to investment properties	4	–	(171)	–	(171)
Translation difference		–	*	–	*
At 31 December 2016		3	1,771	23	1,797
Depreciation		2	933	6	941
Disposals		–	(12)	–	(12)
Translation difference		–	(2)	–	(2)
At 31 December 2017		5	2,690	29	2,724
Carrying amounts					
At 1 January 2016		2	3,037	10	3,049
At 31 December 2016		10	3,096	10	3,116
At 31 December 2017		8	2,252	8	2,268

** Amount less than $1,000*

NOTES TO THE FINANCIAL STATEMENTS

5 PLANT AND EQUIPMENT (CONT'D)

	Note	Fixtures and fittings $'000	Plant, machinery and improvements $'000	Office equipment $'000	Total $'000
Trust					
Cost					
At 1 January 2016		2	3,734	25	3,761
Additions		9	987	6	1,002
Reclassified to investment properties	4	–	(318)	–	(318)
At 31 December 2016		11	4,403	31	4,445
Additions		–	–	4	4
Disposals		–	(33)	–	(33)
At 31 December 2017		11	4,370	35	4,416
Accumulated depreciation					
At 1 January 2016		–	937	17	954
Depreciation		1	845	6	852
Reclassified to investment properties	4	–	(171)	–	(171)
At 31 December 2016		1	1,611	23	1,635
Depreciation		2	821	6	829
Disposals		–	(12)	–	(12)
At 31 December 2017		3	2,420	29	2,452
Carrying amounts					
At 1 January 2016		2	2,797	8	2,807
At 31 December 2016		10	2,792	8	2,810
At 31 December 2017		8	1,950	6	1,964

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2017 $'000	2016 $'000
Equity investments, at cost	84,451	74,062
Advances to a subsidiary	4,048	4,048
	88,499	78,110
Less: Accumulated impairment losses	(4,800)	(4,800)
	83,699	73,310

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

An investment in a subsidiary is considered impaired when its carrying amount exceeds its recoverable amount estimated based on the fair value of the underlying assets held by the subsidiary. During the year ended 31 December 2016, an impairment loss of $4,800,000 was recognised due to a decline in the fair value of the underlying investment properties held by the subsidiaries of The Trust Company (Australia) Limited ATF Cache Logistics Trust Australia. No impairment loss was recognised or reversed during the year ended 31 December 2017.

Advances to a subsidiary are unsecured, interest-free and stated at cost less accumulated impairment losses. The advances form part of the Trust's net investment in subsidiaries as settlement of these amounts are neither planned nor likely to occur in the foreseeable future.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Details of the subsidiaries directly held by the Trust are set out below:			
Cache-MTN Pte Ltd [(1)^]	Singapore	100	100
Cache (Australia) Pte Ltd [(1)^]	Singapore	100	100
Cache Singapore One Pte Ltd [(1)^]	Singapore	100	100
The Trust Company (Australia) Limited ATF Cache Logistics Trust Australia [(2)^]	Australia	100	100
Details of subsidiaries held by The Trust Company (Australia) Limited ATF Cache Logistics Trust Australia are set out below:			
The Trust Company Limited ATF Chester Hill (NSW) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Somerton (VIC) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Coopers Plain (QLD) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Wacol (QLD) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Wacol 2 (QLD) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Kidman Park (SA) Trust [(3)^]	Australia	100	100
The Trust Company Limited ATF Laverton (VIC) Trust [(3)^]	Australia	100	–
Details of subsidiaries held by the Cache Singapore One Pte Ltd are set out below:			
CWT Cayman (Jinshan) Limited [(2)^]	The Cayman Islands	100	100
CWT Jinshan (Hong Kong) Limited [(3)^]	Hong Kong	100	100
CWT Warehousing Transportation (Shanghai) Development Co., Ltd. [(4)^]	China	100	100
Details of subsidiaries held by the Cache (Australia) Pte Ltd are set out below:			
Tanglewood Success Limited [(5)^]	British Virgin Islands	–	100

(1) Audited by KPMG LLP, Singapore

(2) Not required to be audited by the laws of the country of incorporation

(3) Audited by other member firms of KPMG International

(4) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP

(5) Company was dissolved on 6 April 2017

^ For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits. Under this definition, each subsidiary is not significant to the Group.

NOTES TO THE FINANCIAL STATEMENTS

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	1,550	1,474	1,346	1,189
Other receivables	342	621	329	400
Deposits	330	348	330	348
Amounts due from subsidiaries (non-trade)	–	–	53,110	38,776
	2,222	2,443	55,115	40,713
Prepayments	2,541	2,968	2,138	2,612
	4,763	5,411	57,253	43,325

Included in amounts due from subsidiaries are loans to a subsidiary of $41,242,000 (2016: $26,625,000) which are unsecured, interest-bearing at 6.4% (2016: 6.5%) per annum and repayable on demand. The remaining amounts are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding amounts due from subsidiaries.

The Group and the Trust's exposure to credit and market risk for trade and other receivables are disclosed in Note 13.

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at bank	14,969	13,561	11,610	10,562

Certain bank accounts in relation to the charged properties are assigned as security for credit facilities granted to the Group and the Trust (see Note 10). As at 31 December 2017, the balances in these accounts amounted to $4,621,000 (2016: $5,576,000) and $3,472,000 (2016: $5,165,000) for the Group and the Trust respectively.

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Trade payables	1,244	1,889	1,060	1,681
Interest payables	791	845	523	583
Security deposits	587	290	587	290
Income received in advance	4,573	474	4,428	339
Accrued operating expenses	7,962	7,929	6,830	6,656
Accrued construction costs	–	2,428	–	2,428
	15,157	13,855	13,428	11,977
Non-current				
Security deposits	1,091	2,102	1,091	2,102
	16,248	15,957	14,519	14,079

The exposure of the Group and the Trust to liquidity risk relating to trade and other payables is disclosed in Note 13.

10 INTEREST-BEARING BORROWINGS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Secured borrowings	339,948	435,848	258,717	354,617
Less: Unamortised transaction costs	(1,374)	(2,903)	(1,105)	(2,512)
	338,574	432,945	257,612	352,105
Unsecured borrowings	106,706	106,706	106,706	106,706
Less: Unamortised transaction costs	(617)	(786)	(617)	(786)
	106,089	105,920	106,089	105,920
Maturity of borrowings				
Within 1 year	124,993	4,628	124,993	4,628
After 1 year but within 5 years	319,670	534,237	238,708	453,397
	444,663	538,865	363,701	458,025

10 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2017					
Term loan facility [1]	SGD	SOR* + Margin	2018	94,100	93,686
Term loan facility [3]	AUD	BBSY# + Margin	2018	14,617	14,615
Term loan facility [4]	AUD	BBSY# + Margin	2018	16,706	16,692
Term loan facility [1]	SGD	SOR* + Margin	2019	150,000	149,311
Term loan facility [2]	AUD	BBSY# + Margin	2019	30,592	30,532
Term loan facility [2]	AUD	BBSY# + Margin	2020	36,544	36,424
Term loan facility [2]	AUD	BBSY# + Margin	2020	14,095	14,006
Term loan facility [4]	SGD	SOR* + Margin	2021	90,000	89,397
				446,654	444,663
2016					
Revolving credit facility [1]	SGD	SOR* + Margin	2018	5,000	4,628
Term loan facility [1]	SGD	SOR* + Margin	2018	185,000	183,940
Term loan facility [3]	AUD	BBSY# + Margin	2018	14,617	14,600
Term loan facility [4]	AUD	BBSY# + Margin	2018	16,706	16,676
Term loan facility [1]	SGD	SOR* + Margin	2019	150,000	148,937
Term loan facility [2]	AUD	BBSY# + Margin	2019	30,592	30,501
Term loan facility [2]	AUD	BBSY# + Margin	2020	36,544	36,365
Term loan facility [2]	AUD	BBSY# + Margin	2020	14,095	13,974
Term loan facility [4]	SGD	SOR* + Margin	2021	90,000	89,244
				542,554	538,865
Trust					
2017					
Term loan facility [1]	SGD	SOR* + Margin	2018	94,100	93,686
Term loan facility [3]	AUD	BBSY# + Margin	2018	14,617	14,615
Term loan facility [4]	AUD	BBSY# + Margin	2018	16,706	16,692
Term loan facility [1]	SGD	SOR* + Margin	2019	150,000	149,311
Term loan facility [4]	SGD	SOR* + Margin	2021	90,000	89,397
				365,423	363,701
2016					
Revolving credit facility [1]	SGD	SOR* + Margin	2018	5,000	4,628
Term loan facility [1]	SGD	SOR* + Margin	2018	185,000	183,940
Term loan facility [3]	AUD	BBSY# + Margin	2018	14,617	14,600
Term loan facility [4]	AUD	BBSY# + Margin	2018	16,706	16,676
Term loan facility [1]	SGD	SOR* + Margin	2019	150,000	148,937
Term loan facility [4]	SGD	SOR* + Margin	2021	90,000	89,244
				461,323	458,025

* Swap Offer Rate

Bank Bill Swap Rate

10 INTEREST-BEARING BORROWINGS (CONT'D)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities and derivative financial instruments, including estimated interest payments and excluding the impact of netting agreements, and trade and other payables:

			← Cash flows →	
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group				
2017				
Non-derivative financial liabilities				
Floating rate term loans ^	444,663	(597,289)	(136,928)	(460,361)
Trade and other payables ^^	11,675	(11,675)	(10,584)	(1,091)
	456,338	(608,964)	(147,512)	(461,452)
Derivative financial instruments				
Interest rate swaps used for hedging	(985)			
– Inflow ^	–	3,245	1,745	1,500
– Outflow	–	(4,285)	(2,302)	(1,983)
	(985)	(1,040)	(557)	(483)
Interest rate swaps at fair value through statement of total return	(1,037)			
– Inflow ^	–	1,487	1,487	–
– Outflow	–	(2,889)	(2,889)	–
	(1,037)	(1,402)	(1,402)	–
Forward foreign exchange contracts	38			
– Inflow	–	1,396	1,396	–
– Outflow	–	(1,358)	(1,358)	–
	38	38	38	–
2016				
Non-derivative financial liabilities				
Revolving credit facility ^	4,628	(5,219)	(120)	(5,099)
Floating rate term loans ^	534,237	(592,430)	(19,001)	(573,429)
Trade and other payables ^^	15,483	(15,483)	(13,381)	(2,102)
	554,348	(613,132)	(32,502)	(580,630)
Derivative financial instruments				
Interest rate swaps used for hedging	(1,919)			
– Inflow ^	–	7,515	3,182	4,333
– Outflow	–	(11,977)	(5,442)	(6,535)
	(1,919)	(4,462)	(2,260)	(2,202)
Forward foreign exchange contracts	(20)			
– Inflow	–	827	827	–
– Outflow	–	(847)	(847)	–
	(20)	(20)	(20)	–

10 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000
Trust				
2017				
Non-derivative financial liabilities				
Floating rate term loans ^	363,701	(384,721)	(134,236)	(250,485)
Trade and other payables ^^	10,091	(10,091)	(9,000)	(1,091)
	373,792	(394,812)	(143,236)	(251,576)
Derivative financial instruments				
Interest rate swaps used for hedging	(720)			
– Inflow ^	–	1,658	1,023	635
– Outflow	–	(2,778)	(1,656)	(1,122)
	(720)	(1,120)	(633)	(487)
Interest rate swaps at fair value through statement of total return				
– Inflow ^	(1,037)			
– Outflow	–	1,487	1,487	–
	–	(2,889)	(2,889)	–
	(1,037)	(1,402)	(1,402)	–
Forward foreign exchange contracts	38			
– Inflow	–	1,396	1,396	–
– Outflow	–	(1,358)	(1,358)	–
	38	38	38	–
2016				
Non-derivative financial liabilities				
Revolving credit facility ^	4,628	(5,219)	(120)	(5,099)
Floating rate term loans ^	453,397	(488,742)	(12,177)	(476,565)
Trade and other payables ^^	13,740	(13,740)	(11,638)	(2,102)
	471,765	(507,701)	(23,935)	(483,766)
Derivative financial instruments				
Interest rate swaps used for hedging	(1,713)			
– Inflow ^	–	5,999	2,715	3,284
– Outflow	–	(9,834)	(4,751)	(5,083)
	(1,713)	(3,835)	(2,036)	(1,799)
Forward foreign exchange contracts	(20)			
– Inflow	–	827	827	–
– Outflow	–	(847)	(847)	–
	(20)	(20)	(20)	–

10 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

^ For the purpose of the contractual cash flows calculation, 1-month SOR of 0.991% (2016: not applicable), 3 months SOR of 1.111% (2016: SOR of 1.012%) and 3 months BBSY of 1.779% (2016: 1.770%) were used.

^^ Excludes income received in advance

The maturity analysis above shows the contractual undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

The exposure of the Group and the Trust to liquidity and interest rate risks that relates to interest-bearing borrowings is disclosed in Note 13.

(1) Secured term loan facilities and revolving credit facilities

The facilities are secured by:

- A first mortgage on 6 (2016: 6) properties located in Singapore;
- A debenture creating fixed and floating charges over all assets in relation to the 6 (2016: 6) properties;
- An assignment of all leases, sale agreements, banker's guarantees and bank accounts in relation to the 6 (2016: 6) properties;
- An assignment of all insurance policies in relation to the 6 (2016: 6) properties; and
- An assignment of the Trust's rights in the corporate guarantees given in respect of certain properties.

(2) Secured term loan facilities

The facilities are secured by way of a legal mortgage and charges over 5 (2016: 5) Australian properties.

(3) Secured term loan facilities

The facility is secured by way of a second ranking legal mortgage over 3 (2016: 3) Australian properties.

(4) Unsecured term loan facilities

Measurement of fair values

The carrying amounts of interest-bearing borrowings which are all re-priceable within 3 months from the reporting date approximate their corresponding fair values.

10 INTEREST-BEARING BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	Liabilities	Derivatives (assets)/liabilities held to hedge long-term borrowings		Derivatives liabilities at fair value through statement of total return	Total
	Interest-bearing borrowings	Interest rate swaps used for hedging-assets	Interest rate swaps used for hedging-liabilities	Interest rate swap at fair value through statement of total return	
	$'000	$'000	$'000	$'000	$'000
Group					
Balance at 1 January 2017	538,865	(43)	1,962	–	540,784
Changes from financing cash flows					
Repayment of borrowings	(123,900)	–	–	–	(123,900)
Proceeds from borrowings	28,000	–	–	–	28,000
Total changes from financing cash flows	(95,900)	–	–	–	(95,900)
The effect of changes in foreign exchange rates	(3)	–	–	–	(3)
Changes in fair value	–	43	(977)	1,037	103
Other changes					
Liability-related					
Amortisation/ write-off of transaction costs	1,701	–	–	–	1,701
Total liability-related other changes	1,701	–	–	–	1,701
Balance at 31 December 2017	444,663	–	985	1,037	446,685

11 DERIVATIVE ASSETS/(LIABILITIES)

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current asset				
Interest rate swaps used for hedging	–	43	–	43
Current asset				
Forward foreign exchange contracts	38	–	38	–
Non-current liability				
Interest rate swaps used for hedging	(951)	(1,962)	(686)	(1,756)
Current liability				
Interest rate swaps:				
– used for hedging	(34)	–	(34)	–
– at fair value through statement of total return	(1,037)	–	(1,037)	–
Forward foreign exchange contracts	–	(20)	–	(20)
Total derivative assets/(liabilities)	(1,984)	(1,939)	(1,719)	(1,733)
Derivative financial instruments as a percentage of net assets	0.26%	0.28%	0.23%	0.25%

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of the term loans from floating rates to fixed rates.

As at the reporting date, the Group manages its exposure to changes in interest rates on its floating rate borrowings by entering into interest rate swaps with the following notional contract amounts and maturity dates:

(i) $131,250,000 maturing in 2018;
(ii) $26,875,000 maturing in 2018;
(iii) $26,875,000 maturing in 2018;
(iv) $47,850,000 maturing in 2018;
(v) $29,550,000 maturing in 2019;
(vi) $40,000,000 maturing in 2019;
(vii) A$14,650,000 maturing in 2019;
(viii) A$17,500,000 maturing in 2020; and
(ix) A$6,750,000 maturing in 2020.

The Group has designated certain interest rate swaps as hedging instruments under the cash flow hedge model. Where the interest rate swap is an effective hedge in a cash flow hedge relationship, the change in fair value of the interest rate swap relating to the effective portion is recorded in Unitholders' funds. The ineffective portion of the fair value changes is taken to the statement of total return.

During the year ended 31 December 2017, the changes in fair value of the designated interest rate swaps that were effective as cash flow hedges have been recognised in Unitholders' funds. Hedge accounting was discontinued in respect of certain interest rate swaps as they no longer met the criteria for hedge accounting. The changes in the fair value of these interest rate swaps are recognised immediately in the statement of total return.

11 DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on net income denominated in Australian dollars from its investments in Australia by using forward foreign exchange contracts.

As at 31 December 2017, a forward exchange contract with an aggregate notional amount of A$1,300,000 (2016: A$810,000) with maturity of less than one year (2016: less than one year) was outstanding.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") with various bank counterparties. The derivative financial instruments presented above are not offset in the statement of financial position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreements. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2017 and at 31 December 2016, the Group's derivative financial assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangement.

Measurement of fair value

The fair value of financial derivatives is based on broker quotes at the reporting date. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each derivative instrument and using market interest rates for similar instruments at the measurement date.

	Level 2 $'000
Group	
2017	
Interest rate swaps used for hedging	(985)
Interest rate swaps at fair value through statement of total return	(1,037)
Forward foreign exchange contracts	38
	(1,984)
2016	
Interest rate swaps used for hedging	(1,919)
Forward foreign exchange contracts	(20)
	(1,939)
Trust	
2017	
Interest rate swaps used for hedging	(720)
Interest rate swaps at fair value through statement of total return	(1,037)
Forward foreign exchange contracts	38
	(1,719)
2016	
Interest rate swaps used for hedging	(1,713)
Forward foreign exchange contracts	(20)
	(1,733)

12 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2017	2016
	'000	'000
Units in issue:		
At the beginning of the year	900,450	893,472
Units issued:		
– Manager's base fees paid in Units	4,141	4,287
– Rights Issue	162,566	–
Units to be issued:		
– Manager's base fees payable in Units	1,378	1,468
– Manager's performance fees payable in Units	1,165	1,223
Total issued and to be issued Units at the end of the year	1,069,700	900,450

On 9 October 2017, the Trust issued 162,565,716 Units pursuant to the Rights Issue at an issue price of S$0.632 to raise gross proceeds of approximately S$102.7 million.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by the SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Group exceed its assets.

13 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these financial statements.

Financial risk management objectives and policies

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Group's business. The Group has written policies and guidance which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Property Manager before lease agreements are entered into with tenants. The Group establishes an allowance for impairment, based on specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

Trade receivables comprise mainly rental receivables. The tenants have provided security deposits amounting to 3-12 months rental in the form of bankers' guarantee or cash. Based on historical default rates, the Manager believes that no impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have good credit standing with the Group and the Group has sufficient security deposits as collateral.

Cash and cash equivalents are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are credit worthy.

Exposure to credit risk

The carrying amount of the following assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade and other receivables	4,763	5,411	57,253	43,325
Derivative assets	38	43	38	43
Cash and cash equivalents	14,969	13,561	11,610	10,562
	19,770	19,015	68,901	53,930

13 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2017, the Group had committed and undrawn facilities comprising $65,000,000 (2016: $60,000,000) from secured revolving credit facilities with a panel of banks.

The Trust established a $1,000,000,000 Multicurrency Debt Issuance Programme (the "Debt Issuance Programme") in 2017. Under the Debt Issuance Programme, the Trust may from time to time issue notes and/or perpetual securities in series or tranches. The Group also has in place a $500 million Multicurrency Medium Term Note Programme (the "MTN Programme"), established by Cache-MTN Pte Ltd, a wholly-owned subsidiary of the Trust.

As at 31 December 2017 and at 31 December 2016, no notes and/or perpetual securities were issued under either the Debt Issuance Programme or the MTN Programme.

The Group has secured bank loans which contain debt covenants. Any breach of covenants may require the Group to repay the loans earlier than indicated in Note 10. As at 31 December 2017 and at 31 December 2016, there were no breaches of covenants.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, utilising interest rate and currency hedging strategies where appropriate.

Currency risk

At the reporting date, the Group's and Trust's exposure to currency risk was as follows:

	2017		2016	
	RMB	AUD	RMB	AUD
	$'000	$'000	$'000	$'000
Group				
Investment properties	16,026	204,487	16,367	176,035
Cash and cash equivalents	1,176	5,121	1,166	3,495
Trade and other receivables	25	593	1	860
Interest-bearing borrowings	–	(112,270)	–	(112,116)
Trade and other payables	(73)	(1,763)	(85)	(1,904)
Derivative liabilities	–	(265)	–	(207)
Net statement of financial position exposure	17,154	95,903	17,449	66,163
Trust				
Cash and cash equivalents	–	2,997	–	1,756
Amounts due from subsidiaries	–	41,242	–	26,625
Interest-bearing borrowings	–	(31,308)	–	(31,276)
Other payables	–	(143)	–	(147)
Net statement of financial position exposure	–	12,788	–	(3,042)

13 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

A 10% strengthening of the Singapore Dollar against the following currencies would increase/(decrease) Unitholders funds and total return (before any tax effect) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and Trust considered to be reasonably possible at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant.

	Statement of total return		Unitholders' funds	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Group				
RMB	–	–	(1,715)	(1,745)
AUD	(1,279)	304	(8,311)	(6,920)
Trust				
AUD	(1,279)	304	–	–

A 10% weakening of the SGD against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group has entered into interest rate swaps to achieve an appropriate mix of fixed and floating exposures in respect of its interest-bearing borrowings (see Note 11).

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Trust	
	Carrying amount		Carrying amount	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Variable rate instruments				
Financial assets	14,969	13,561	11,610	10,562
Financial liabilities*	(103,638)	(199,539)	(63,023)	(158,923)
	(88,669)	(185,978)	(51,413)	(148,361)

* net of effect of interest rate swaps

13 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 25 (2016: 25) basis points ("bp") in interest rate at the reporting date would increase/(decrease) total return and Unitholders' fund by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' fund	
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	$'000	$'000	$'000	$'000
Group				
2017				
Financial assets	37	(37)	–	–
Financial liabilities	(238)	53	78	(115)
Cash flow sensitivity (net)	(201)	16	78	(115)
2016				
Financial assets	34	(34)	–	–
Financial liabilities	(499)	499	209	(215)
Cash flow sensitivity (net)	(465)	465	209	(215)
Trust				
2017				
Financial assets	29	(29)	–	–
Financial liabilities	(136)	158	45	(100)
Cash flow sensitivity (net)	(107)	129	45	(100)
2016				
Financial assets	26	(26)	–	–
Financial liabilities	(397)	397	188	(188)
Cash flow sensitivity (net)	(371)	371	188	(188)

13 FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder's value. In order to maintain or achieve an optimal capital structure, the Group will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and assets enhancements, and utilise interest rate and currency hedging strategies where appropriate. The Manager reviews this policy on a continuous basis.

The Property Funds Appendix of the CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% (2016: 45.0%) of the fund's deposited property.

As at 31 December 2017, the Group's Aggregate Leverage ratio was 36.3% (2016: 43.1%). The Group and Trust are in compliance with the Aggregate Leverage limit of 45.0% (2016: 45.0%) during the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2017									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	38	–	–	38	–	38	–	38
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	2,222	–	2,222				
Cash and cash equivalents	–	–	14,969	–	14,969				
	–	–	17,191	–	17,191				

13 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amounts					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities measured at fair value									
Interest rate swaps at fair value through statement of total return	–	(1,037)	–	–	(1,037)	–	(1,037)	–	(1,037)
Interest rate swaps used for hedging	(985)	–	–	–	(985)	–	(985)	–	(985)
	(985)	(1,037)	–	–	(2,022)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(1,091)	(1,091)	–	–	(1,040)	(1,040)
Trade and other payables (current) ^^	–	–	–	(10,584)	(10,584)				
Interest-bearing borrowings	–	–	–	(444,663)	(444,663)				
	–	–	–	(456,338)	(456,338)				

^ Excludes prepayments

^^ Exclude income received in advance

13 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amounts					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2016									
Financial assets measured at fair value									
Interest rate swaps used for hedging	43	–	–	–	43	–	43	–	43
Financial assets not measured at fair value									
Trade and other receivables^	–	–	2,443	–	2,443				
Cash and cash equivalents	–	–	13,561	–	13,561				
	–	–	16,004	–	16,004				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	(1,962)	–	–	–	(1,962)	–	(1,962)	–	(1,962)
Forward foreign exchange contracts	–	(20)	–	–	(20)	–	(20)	–	(20)
	(1,962)	(20)	–	–	(1,982)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,102)	(2,102)	–	–	(1,929)	(1,929)
Trade and other payables (current) ^^	–	–	–	(13,381)	(13,381)				
Interest-bearing borrowings	–	–	–	(538,865)	(538,865)				
	–	–	–	(554,348)	(554,348)				

^ Excludes prepayments

^^ Exclude income received in advance

13 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amounts					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2017									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	38	–	–	38	–	38	–	38
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	55,115	–	55,115				
Cash and cash equivalents	–	–	11,610	–	11,610				
	–	–	66,725	–	66,725				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	(720)	–	–	–	(720)	–	(720)	–	(720)
Interest rate swaps at fair value through statement of total return	–	(1,037)	–	–	(1,037)	–	(1,037)	–	(1,037)
	(720)	(1,037)	–	–	(1,757)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(1,091)	(1,091)	–	–	(1,040)	(1,040)
Trade and other payables (current) ^^	–	–	–	(9,000)	(9,000)				
Interest-bearing borrowings	–	–	–	(363,701)	(363,701)				
	–	–	–	(373,792)	(373,792)				

^ Excludes prepayments

^^ Exclude income received in advance

13 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amounts					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2016									
Financial assets measured at fair value									
Interest rate swaps used for hedging	43	–	–	–	43	–	43	–	43
Financial assets not measured at fair value									
Trade and other receivables^	–	–	40,713	–	40,713				
Cash and cash equivalents	–	–	10,562	–	10,562				
	–	–	51,275	–	51,275				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	(1,756)	–	–	–	(1,756)	–	(1,756)	–	(1,756)
Forward foreign exchange contracts	–	(20)	–	–	(20)	–	(20)	–	(20)
	(1,756)	(20)	–	–	(1,776)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,102)	(2,102)	–	–	(1,929)	(1,929)
Trade and other payables (current) ^^	–	–	–	(11,638)	(11,638)				
Interest-bearing borrowings	–	–	–	(458,025)	(458,025)				
	–	–	–	(471,765)	(471,765)				

^ Excludes prepayments

^^ Exclude income received in advance

13 FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair value

Financial instruments not measured at fair value

The following table shows the valuation technique and the significant unobservable inputs used in the determination of fair value of the Level 3 financial instruments not measured at fair value:

Financial instrument	Valuation technique	Significant unobservable inputs
Other financial liabilities*	Discounted cash flows**	Not applicable

* Other financial liabilities include trade and other payables, and exclude interest-bearing borrowings

** It is assumed that inputs considered as observable used in the valuation technique are significant to the fair value measurement.

Financial instruments for which fair value is equal to the carrying amount

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Transfers between levels of the fair value hierarchy

During the years ended 31 December 2017 and 31 December 2016, there were no transfers between the levels of the fair value hierarchy.

14 GROSS REVENUE

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Gross revenue	111,960	111,271	93,452	94,735

Gross revenue includes net rental income (after rent rebates and provisions for rent free period), service charge, license fees and other reimbursable expenses.

NOTES TO THE FINANCIAL STATEMENTS

15 PROPERTY EXPENSES

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	4,356	4,241	4,233	4,166
Other fees paid/payable to the Property Manager	1,494	1,134	1,481	1,128
Depreciation of plant and equipment	941	946	829	852
Utilities	3,255	3,571	3,085	3,407
Property tax	4,550	4,821	4,550	4,821
Land rent	5,967	5,195	4,304	3,834
Others	4,106	3,349	3,632	2,857
	24,669	23,257	22,114	21,065

16 NET FINANCING COSTS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest income:				
– bank deposits	40	30	26	18
– intercompany loan	–	–	2,475	1,684
Finance income	40	30	2,501	1,702
Interest expense:				
– bank loans	(13,417)	(15,016)	(10,681)	(12,105)
– interest rate swaps	(3,224)	(2,148)	(2,974)	(2,017)
Commitment fee	(302)	(284)	(302)	(284)
Amortisation/write-off of transaction costs	(1,701)	(2,040)	(1,577)	(1,919)
Others	(7)	(41)	(1)	(34)
Finance expenses	(18,651)	(19,529)	(15,535)	(16,359)
Net financing costs	(18,611)	(19,499)	(13,034)	(14,657)

17 MANAGER'S FEES

	Group and Trust	
	2017	2016
	$'000	$'000
Manager's base fee	6,251	6,514
Manager's performance fee	1,309	1,320
	7,560	7,834

Included in Manager's fees of the Group and the Trust are Manager's fees paid/payable in Units for the year ended 31 December 2017 amounting to approximately $5,670,000 (2016: $5,875,000). This comprises 6,684,606 (2016: 6,978,032) Units, of which 4,140,833 (2016: 4,287,264) Units were issued during the year ended 31 December 2017 and another 2,543,773 (2016: 2,690,768) Units will be issued to the Manager by the Trust subsequent to the year ended.

18 OTHER TRUST EXPENSES

Included in other trust expenses are:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Audit fees paid/payable to:				
– auditors of the Trust	272	216	260	216
– other auditors	118	89	–	–
Non-audit fees paid/payable to:				
– auditors of the Trust	155	67	148	67
– other auditors	131	95	–	–
Net foreign exchange loss	308	73	270	21
Valuation fees	138	100	88	63

19 TAX EXPENSE

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current taxation				
Current year	146	145	–	–
Withholding tax	1,172	574	1,129	565
	1,318	719	1,129	565
Deferred taxation				
Origination of temporary differences – investment property	(8)	63	–	–
Tax expense	1,310	782	1,129	565

Reconciliation of effective tax rate

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Total return before tax and distribution	25,230	(23,188)	20,993	(31,860)
Tax calculated using Singapore tax rate of 17% (2016: 17%)	4,289	(3,942)	3,569	(5,416)
Effect of tax rates in foreign jurisdictions	41	44	–	–
Non-tax deductible items	8,720	13,769	7,648	16,604
Non-taxable income	(3,841)	(3)	(2,146)	(1,528)
Tax transparency	(9,071)	(9,660)	(9,071)	(9,660)
Withholding tax	1,172	574	1,129	565
	1,310	782	1,129	565

In the year ended 31 December 2017, the Group received a lump sum payment of approximately $8.2 million pursuant to an amicable resolution of the legal proceedings in respect of 51 Alps Avenue, Singapore. The amount represents compensation for shortfall in rental, compared to market rent, in respect of the property at 51 Alps Avenue and the recovery of legal costs incurred in the legal proceedings. The Manager has applied to the Inland Revenue Authority of Singapore (IRAS) for tax transparency for this amount. No provision has been made for the contingent tax. If the amount is taxable, the Manager estimates that the potential tax payable is approximately $1.1 million.

20 NET ASSET VALUE PER UNIT

	Note	Group 2017	Group 2016	Trust 2017	Trust 2016
Net asset value per Unit ($)		0.72	0.78	0.71	0.78
Net asset value per Unit is based on:					
Net assets ($'000)		765,668	701,138	760,987	699,943
Total Units issued and to be issued at 31 December ('000)	12	1,069,700	900,450	1,069,700	900,450

21 EARNINGS AND DISTRIBUTION PER UNIT

(a) Basic earnings per Unit

Basic earnings per Unit is based on:

	Group 2017 $'000	Group 2016 $'000
Total return for the year after tax, before distribution	23,920	(23,970)

	Number of Units '000	Number of Units '000 [1]
Issued Units at the beginning of the year	900,450	893,472
Effect of creation of new Units:		
– issued as payment of Manager's base fee	2,083	2,196
– to be issued as payment of Manager's base and performance fee payable in Units	7	7
– Rights Issue	37,412	–
– Adjustment for effect of Rights Issue	31,315	40,394
Weighted average number of issued and issuable Units at the end of the year	971,267	936,069

[1] These figures have been restated for the effect of the Rights Issue undertaken by Cache Logistics Trust which was completed on 9 October 2017.

NOTES TO THE FINANCIAL STATEMENTS

21 EARNINGS AND DISTRIBUTION PER UNIT (CONT'D)

(b) Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the year attributable to Unitholders and a weighted average number of Units outstanding after adjustment for the effects of all dilutive potential Units.

	Group	
	2017	2016
	Number of Units '000	Number of Units '000 [1]
Weighted average number of Units used in calculation of basic earnings per Unit	971,267	936,069
Weighted average number of unissued Units from Manager's base and performance fees	4,595	–
Weighted average number of Units outstanding used in calculation of diluted earnings per Unit	975,862	936,069

For the year ended 31 December 2016, diluted earnings per Unit is the same as the basic earnings per Unit as there were no dilutive instruments in issue during the year.

[1] These figures have been restated for the effect of the Rights Issue undertaken by Cache Logistics Trust which was completed on 9 October 2017.

(c) Distribution per Unit

The distribution per Unit relates to the distributions in respect of the relevant financial year and incorporates the effects of the Rights Issue (including effects of bonus element) undertaken by Cache Logistics Trust which was completed on 9 October 2017. The distribution during the last quarter of the financial year will be paid subsequent to the reporting date (see Note 27).

22 ISSUE EXPENSES

Issue expenses comprise professional and underwriting fees and other costs related to issuance of Rights Units.

23 OPERATING SEGMENTS

Management considers the business from a geographic segment perspective. Geographically, management manages and monitors the business by 3 countries: Singapore, Australia and China. All geographical locations are in the business of investing in logistics warehouse properties, which is the only business segment of the Group.

Management assesses the performance of the geographic segments based on a measure of Net Property Income ("NPI"). Interest income and finance expenses are not allocated to the segments as certain treasury activities are centrally managed by the Group.

The segment information provided to the Management for the reportable segments are as follows:

	Singapore $'000	Australia $'000	China $'000	Total $'000
2017				
Gross revenue	93,452	17,484	1,024	111,960
Property expenses	(22,114)	(2,381)	(174)	(24,669)
Net property income	71,338	15,103	850	87,291
Net change in fair value of investment properties	(34,783)	3,042	(34)	(31,775)
Net change in fair value of financial derivatives	(1,037)	–	–	(1,037)
Unallocated amounts:				
– Interest income				40
– Borrowing costs				(18,651)
– Unallocated costs *				(10,638)
Total return for the year before tax				25,230
Tax expense	(1,129)	–	(181)	(1,310)
Total return for the year after tax				23,920
Assets and liabilities				
Segment assets				
– Investment properties (including asset held for sale)	986,400	204,487	16,026	1,206,913
– Others	14,758	2,717	1,201	18,676
	1,001,158	207,204	17,227	1,225,589
Unallocated assets **				3,362
Consolidated total assets				1,228,951
Segment liabilities	431,960	82,848	423	515,231
Unallocated liabilities ***				(51,948)
Consolidated total liabilities				463,283

23 OPERATING SEGMENTS (CONT'D)

	Singapore $'000	Australia $'000	China $'000	Total $'000
2016				
Gross revenue	94,735	15,376	1,160	111,271
Property expenses	(21,065)	(2,031)	(161)	(23,257)
Net property income	73,670	13,345	999	88,014
Net change in fair value of investment properties	(83,180)	2,186	250	(80,744)
Unallocated amounts:				
– Interest income				30
– Borrowing costs				(19,529)
– Unallocated costs *				(10,959)
Total return for the year before tax				(23,188)
Tax expense	(565)	–	(217)	(782)
Total return for the year after tax				(23,970)
Assets and liabilities				
Segment assets				
– Investment properties (including asset held for sale)	1,043,773	176,035	16,367	1,236,175
– Others	16,208	2,617	1,166	19,991
	1,059,981	178,652	17,533	1,256,166
Unallocated assets **				2,140
Consolidated total assets				1,258,306
Segment liabilities	442,555	82,803	449	525,807
Unallocated liabilities ***				13,973
Consolidated total liabilities				557,168

* Unallocated costs include Manager's fees, Trustee's fees and other trust expenses.

** Unallocated assets include cash and cash equivalents and other receivables.

*** Unallocated liabilities include borrowings of A$16 million and A$14 million (Note 10).

24 COMMITMENTS

	Group and Trust	
	2017	2016
	$'000	$'000
(a) Capital commitments:		
Capital expenditure contracted but not provided for	277	58

(b) The Group leases out its investment properties. Investment properties are held for use by tenants under operating leases. Generally, the leases contain an initial non-cancellable period of between 3 to 10 years and subsequent renewals are negotiated with the lessee to reflect market rentals. None of the leases contain contingent rental arrangements. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within 1 year	83,390	94,355	63,091	81,030
After 1 year but within 5 years *	181,630	188,091	117,779	142,660
After 5 years *	73,492	98,928	50,837	68,137
	338,512	381,374	231,707	291,827

* Excludes prevailing market rate adjustment

(c) The Trust is required to pay JTC Corporation annual land rent in respect of certain properties and the underlying land leases range from 29 to 30 years. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreements limit any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. The land rent paid/payable to JTC Corporation amounted to $7,120,000 (2016: $8,023,000) in relation to 9 (2016: 10) properties for the year ended 31 December 2017 (including amounts that have been directly recharged to tenants).

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in mainly financial and operating decisions, or vice-versa or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

In the normal course of operations of the Group, Manager's fees and Trustee's fees were paid or are payable to the Manager and Trustee respectively.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	(4,356)	(4,241)	(4,233)	(4,166)
Other fees paid/payable to the Property Manager [1]	(1,494)	(1,134)	(1,481)	(1,128)
Rental income received/receivable from a sponsor and its related corporations	34,725	44,581	33,654	43,422
Acquisition/divestment fees paid to the Manager	(239)	(128)	(239)	(128)
Investment management fees paid/payable to a related corporation of ARA Asset Management Limited	(51)	–	–	–
51 Alps Avenue compensation amount received from C&P Holdings Pte Ltd	8,233	–	8,233	–

[1] Marketing commissions and service fees for property tax savings.

26 FINANCIAL RATIOS

	Group	
	2017 %	2016 %
Expenses to weighted average net assets [1]		
– including performance component of Manager's fees	1.5	1.4
– excluding performance component of Manager's fees	1.3	1.3
Portfolio turnover rate [2]	3.5	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, interest expenses and tax expense.

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

27 SUBSEQUENT EVENTS

On 18 January 2018, the Manager declared a distribution of 1.597 cents per Unit in respect of the period from 1 October 2017 to 31 December 2017 to be paid on 27 February 2018.

On 18 January 2018, the Manager announced that the Trustee, in its capacity as trustee of Cache, had entered into a conditional sale and purchase agreement with a third party for the disposal of Hi-Speed Logistics Centre for a gross consideration of S$73.8 million.

On 23 January 2018, the Group had incorporated a wholly-owned sub-trust, ESIP Trust ("ESIP"), in Australia.

On 31 January 2018, the Manager announced that ESIP had entered into unit purchase agreements to acquire 9 sub-trusts in Australia which own 9 properties in Australia (the "Acquisitions") for an estimated total cost of A$191.0 million (approximately S$203.1 million). The Acquisitions were completed on 15 February 2018.

On 1 February 2018, the Trust issued S$100.0 million of subordinated perpetual securities (the "Perpetual Securities") pursuant to the Debt Issuance Programme established by the Trust (see Note 13). 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 will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

STATISTICS OF UNITHOLDINGS

ISSUED AND FULLY PAID UP UNITS

As at 1 March 2018

Dates	Events	No of units	Price[1]	Amount (S$)
21 April 2017	Asset Management Fees	1,399,915	0.8301	1,162,070
24 July 2017	Asset Management Fees	1,292,867	0.9094	1,175,734
25 October 2017	Asset Management Fees	1,448,051	0.8212	1,189,140
19 January 2018	Asset Management Fees	2,543,773	0.8427	2,143,638

NOTE:

(1) Based on the volume weighted average traded price for a unit for all trades done on the SGX-ST in the ordinary course of trading on the SGX-ST for the last 10 business days of the relevant period in which the base fee accrues and in the case of the performance fee, the last 10 business days of relevant financial year.

There were 1,069,700,408 Units (Voting Rights: One Vote per Unit) outstanding as at 1 March 2018.

There is only one class of Units.

The Market Capitalisation was S$893.2 million based on a closing unit price of S$0.835 on 1 March 2018.

DISTRIBUTION OF UNITHOLDINGS

As at 1 March 2018

Size of Unitholdings	No. Of Unitholders	%	No. of Units	%
1 – 99	17	0.16	384	0.00
100 – 1,000	536	5.00	486,385	0.05
1,001 – 10,000	4,694	43.81	26,663,993	2.49
10,001 – 1,000,000	5,422	50.61	288,115,060	26.93
1,000,001 and above	45	0.42	754,434,586	70.53
Total	10,714	100.00	1,069,700,408	100.00

STATISTICS OF UNITHOLDINGS

TWENTY LARGEST UNITHOLDERS

As at 1 March 2018

No.	Name of Unitholder	No. of Units	% of Units
1	DBS NOMINEES (PRIVATE) LIMITED	231,860,277	21.68
2	CITIBANK NOMINEES SINGAPORE PTE LTD	134,078,290	12.53
3	RAFFLES NOMINEES (PTE) LIMITED	60,313,459	5.64
4	HSBC (SINGAPORE) NOMINEES PTE LTD	58,317,918	5.45
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	58,236,317	5.44
6	CWT LIMITED	43,660,000	4.08
7	NTUC FAIRPRICE CO-OPERATIVE LTD	24,072,000	2.25
8	DBSN SERVICES PTE. LTD.	20,245,699	1.89
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,870,740	1.02
10	ARA REAL ESTATE INVESTORS V LIMITED	10,344,413	0.97
11	KGI SECURITIES (SINGAPORE) PTE. LTD.	8,123,708	0.76
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,077,789	0.76
13	DB NOMINEES (SINGAPORE) PTE LTD	7,458,450	0.70
14	PHILLIP SECURITIES PTE LTD	6,272,367	0.59
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,188,393	0.58
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,934,115	0.55
17	OCBC SECURITIES PRIVATE LIMITED	5,919,850	0.55
18	KO WOON HONG	5,059,000	0.47
19	UOB KAY HIAN PRIVATE LIMITED	4,852,108	0.45
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,015,956	0.38
	Total	713,900,849	66.74

FREE FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities is at all times held by the public. Based on the information available to the Manager as at 1 March 2018, approximately 91.8% of the Units in Cache are held in public hands.

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS

As at 1 March 2018

Directors	No. of Units		% of Units in Issue
	Direct	Deemed	
Prudential Corporation Asia Limited [1]	0	53,698,700	5.020
Prudential Holdings Limited [1]	0	53,698,700	5.020
Prudential Corporation Holdings Limited [1]	0	53,698,700	5.020
Prudential plc [2]	0	53,698,700	5.020

NOTES:

[1] Each Prudential Corporation Asia Limited, Prudential Holdings Limited and Prudential Corporation Holdings Limited is a substantial shareholder by virtue of its deemed interest in the units managed by its subsidiaries as fund managers. Prudential Corporation Holdings Limited is a wholly owned subsidiary of Prudential Holdings Limited which is a wholly owned subsidiary of Prudential Corporation Asia Limited. Prudential Corporation Asia Limited is ultimately owned by Prudential plc.

[2] Prudential plc is a substantial shareholder by virtue of its deemed interest in the units managed by its subsidiaries as fund managers.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 January 2018

Directors	No. of Units	
	Direct	Deemed
Lim Hwee Chiang John	1,180,000	1,180,000[1]
Lim How Teck	1,000,000	–
Liao Chung Lik [2]	1,281,008	–
Jimmy Yim Wing Kuen	236,000	–
Stefanie Yuen Thio	59,000	–
Lim Ah Doo	–	–
Lim Kong Puay	–	–
Lim Lee Meng	–	–
Moses K. Song (Alternate Director to Lim Hwee Chiang John)	–	–

NOTES:

[1] The Cache Units are held by Citibank Nominees Singapore Pte. Ltd. (as nominee for JL Philanthropy Ltd). Mr Lim is the settlor of JL Charitable Settlement which is the beneficiary of JL Philanthropy Ltd.

[2] Mr Liao Chung Lik resigned from the Board of the Manager on 9 February 2018.

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL OF THE SGX-ST) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS (COLLECTIVELY "RELATED PARTY TRANSACTIONS")

The Related Party Transactions during the financial period and which fall within the Listing Manual of the SGX-ST and the Property Funds Appendix are:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
ARA-CWT Trust Management (Cache) Limited		
– Manager's fees[1]	7,560	–
ARA & its associates[2]		
– Investment management fee	213	–
C & P Holdings Pte Ltd[3]		
– 51 Alps Avenue compensation amount	8,233	–
CWT Pte. Limited and its associates[2]		
– Rental income	34,725	–
– Property manager's fees and reimbursable	4,356	–
– Other fees paid/payable to property manager[4]	1,494	–
HSBC Institutional Trust Services (Singapore) Limited		
– Trustee's fees	525	–

NOTES:

(1) The Manager has opted to receive 75% of the Manager's fees in Units for the year ended 31 December 2017. Crystallisation of the Performance Fee, which may be payable in the form of Units or in the form of cash out of the Deposited Property, is made no more frequent than once every Financial Year. Excludes all property manager's fees.

(2) Excludes ARA-CWT Trust Management (Cache) Limited and all property manager's fees.

(3) It should be noted that at the time of the payment of the compensation amount C & P holdings Pte Ltd was an indirect controlling shareholder of the Manager. As at the date of this Annual Report, C & P Holdings Pte Ltd is not a controlling shareholder of the Manager.

(4) Marketing commissions and service fees for property tax savings.

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of Cache Logistics Trust, in addition to its key responsibilities in managing and maintaining the long-term interests of all Unitholders.

The Manager is entitled to the following fees for the management of Cache Logistics Trust, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

(1) a Base Fee of 0.5% per annum of the value of the properties of Cache Logistics Trust (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the Base Fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee which is based on a fixed percentage of the value of assets of the Trust, commensurates with the complexity and efforts required of the Manager in managing the Trust; and

(2) a performance fee equal to 1.5% per annum of the Net Property Income of Cache Logistics Trust or any special purpose vehicles for each financial year (as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for Cache Logistics Trust. The Manager is incentivised to review the growth potential of the assets in the portfolio, and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement/repositioning initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes dated 1 January 2016 ("CIS Code"), crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY2016, the Performance Fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

In addition, the Manager is entitled to an acquisition fee[(1)] which is paid in the form of cash or Units as the Manager may elect after the completion of an acquisition. The Manager is also entitled to a divestment fee[(1)] which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clauses 15.2.1(i) and (ii) of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long-term benefits for the Unitholders.

NOTE:

(1) In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	S$'000
Total operating expenses including all fees, charges and reimbursables paid to the Manager	35,001
Net Assets	765,668
Percentage of total operating expenses to Net Assets	4.6%

The total operating expenses incurred by Cache amounted to approximately S$35.0 million, equivalent to 4.6% of Cache's net assets as at 31 December 2017.

SUBSCRIPTION OF UNITS IN CACHE

As at 31 December 2017, an aggregate of 1,069,700,408 Units were in issue and to be issued. On 19 January 2018, Cache issued 1,378,439 Units to the Manager in satisfaction of its base management fees for the period from 1 October 2017 to 31 December 2017 and 1,165,334 Units in satisfaction of its performance management fees for the full year ended 31 December 2017.

NON-DEAL ROAD SHOW

Non-deal roadshow expenses incurred during the year ended 31 December 2017 amounted to approximately S$2,508 (2016: nil).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the unitholders of Cache Logistics Trust ("**Cache**", and the holders of units of Cache, "**Unitholders**") will be held at Marina Mandarin Ballroom, Level 1 Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 23 April 2018 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Cache (the "**Trustee**"), the Statement by ARA-CWT Trust Management (Cache) Limited, as manager of Cache (the "**Manager**") and the Audited Financial Statements of Cache for the financial year ended 31 December 2017 together with the Auditors' Report thereon.

(Ordinary Resolution 1)

2. To re-appoint KPMG LLP as the Auditors of Cache and to hold office until the conclusion of the next AGM of Cache and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

3. GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

That authority be and is hereby given to the Manager to

(a) (i) issue new units in Cache ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may, in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below) at the time of the passing of this Resolution, of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) as at the time this Resolution is passed, after adjusting for:

(i) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Cache dated 11 February 2010 (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore (the "**MAS**"));

(D) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Cache or (ii) the date by which the next AGM of Cache is required by applicable law and/or regulations to be held, whichever is earlier;

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager may issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(F) the Manager, any director of the Manager ("**Director**") and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Cache to give effect to the authority conferred by this Resolution.

[See Explanatory Note 1]

(Ordinary Resolution 3)

4. TRUST DEED AMENDMENT TO ALLOW FOR ELECTRONIC COMMUNICATIONS OF NOTICES AND DOCUMENTS

That:

(a) (i) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in the Appendix (the "**Proposed Electronic Communications Trust Deed Supplement**"); and

(ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of Cache to give effect to the Proposed Electronic Communications Trust Deed Supplement,

[See Explanatory Note 2]

(Extraordinary Resolution 4)

AS OTHER BUSINESS

5. To transact such other business as may be transacted at an AGM.

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

Sharon Yeoh
Chiang Wai Ming
Company Secretaries

Singapore
29 March 2018

Notes –

1. A Unitholder entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead.

2. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its authorised officer or attorney.

3. The instrument appointing a proxy must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 21 April 2018 at 10:00 a.m. being not less than forty-eight (48) hours before the time appointed for the AGM.

4. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at forty-eight (48) hours before the time appointed for AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1) Ordinary Resolution 3 to be passed:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the (i) date of the next AGM of Cache or (ii) the date by which the next AGM of Cache is required by applicable law and/or regulations to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and to issue Units pursuant to such instruments, up to a number not exceeding fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2) Extraordinary Resolution 4 to be passed:

In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "**Deemed Consent Regime**" and the "**Implied Consent Regime**", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "**Companies Act Electronic Communications Amendments**"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "**Listing Rules**") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("**REIT**") such as Cache) electronically with the express, deemed or implied consent of shareholders (or Unitholders). Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to Cache.

The Code on Collective Investment Schemes allows a real estate investment trust to send its accounts and reports to Unitholders by electronic means (as defined in the Code on Collective Investment Schemes). On 10 November 2016, the MAS published a consultation paper on "Proposed Amendments to the Code on Collective Investment Schemes" which, among other things, proposed to clarify that a REIT may also send its accounts and reports to Unitholders by electronic means[1]. On 15 December 2017, the MAS published a response to feedback received on the "Consultation Paper on Proposed Amendments to the Code on Collective Investment Schemes" in which it stated, among others, that MAS does not intend to prescribe a list of permissible means of electronic transmission of reports, and clarified that while REITs may distribute electronic copies instead of hard copies, Unitholders should still be given the option to request for hardcopy accounts and reports within one month from the notification of the availability of the accounts and reports.

Although Cache is not bound by the Companies Act, it is bound by the Listing Rules as a listed REIT and the Code on Collective Investment Schemes.

(See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

NOTE:

[1] According to the Code on Collective Investment Schemes, electronic means include:

- transmitting via email with softcopy attachments to the email address provided by the Unitholders for correspondence purposes;
- making available via an electronic storage medium (e.g. CD-ROM); and
- posting on a website where the accounts and reports would remain posted on that website for at least 12 months from the date of posting.

CACHE LOGISTICS TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 11 February 2010 (as amended))

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see Note 2 for the definition of "**relevant intermediary**").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.

PERSONAL DATA PRIVACY

3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

*I/We, _____ (Name)

of _____ (Address)

being a unitholder/unitholders of Cache Logistics Trust ("**Cache**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of Cache to be held at Marina Mandarin Ballroom, Level 1 Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 23 April 2018 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	**Ordinary Resolutions**	**No. of Votes For****	**No. of Votes Against****
	ORDINARY BUSINESS		
1	Adoption of the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of Cache for the financial year ended 31 December 2017 and the Auditors' Report thereon		
2	Re-appointment of KPMG LLP as Auditors and authorisation of the Manager to fix the Auditors' remuneration		
	SPECIAL BUSINESS		
3	Authority to the Manager to issue Units and to make or grant convertible instruments		
4	To approve the Proposed Electronic Communications Trust Deed Supplement		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total number of Units held

_____

Signature of Unitholder(s)/Common Seal of Corporate Unitholder

FOLD THIS FLAP FOR SEALING

AFFIX
POSTAGE
STAMP

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

FOLD HERE

FOLD HERE

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Cache ("**Unitholder**") entitled to attend and vote at the Annual General Meeting ("**AGM**") and who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
4. The instrument appointing a proxy or proxies (a "**Proxy Form**" is enclosed) must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for AGM.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Cache, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a Unitholder.
7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

CORPORATE DIRECTORY

MANAGER

ARA-CWT Trust Management (Cache) Limited

6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

Tel : (65) 6835 9232
Fax : (65) 6835 9672

Email : cache-enquiry@ara.com.hk
Website : www.cache-reit.com

DIRECTORS

Lim How Teck
Chairman and Non-Executive Director

Lim Hwee Chiang John
Non-Executive Director

Liao Chung Lik [1]
Non-Executive Director

Jimmy Yim Wing Kuen
Non-Executive Director

Lim Ah Doo
Lead Independent Non-Executive Director

Stefanie Yuen Thio
Independent Non-Executive Director

Lim Kong Puay
Independent Non-Executive Director

Lim Lee Meng
Independent Non-Executive Director

Loi Pok Yen [2]
Non-Executive Director

Moses K. Song
Alternate Director to Mr Lim Hwee Chiang John

AUDIT COMMITTEE

Lim Ah Doo
Chairman

Stefanie Yuen Thio
Member

Lim Kong Puay
Member

Lim Lee Meng
Member

PROPERTY MANAGER

Cache Property Management Pte. Ltd.

REGISTERED ADDRESS
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

MAILING ADDRESS
38 Tanjong Penjuru
CWT Logistics Hub 1
Singapore 609309

Tel : (65) 6513 3160
Fax : (65) 6587 4552

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited

REGISTERED ADDRESS
21 Collyer Quay #13-02
HSBC Building
Singapore 049320

MAILING ADDRESS
21 Collyer Quay #03-01
HSBC Building
Singapore 049320

Tel : (65) 6658 6667
Fax : (65) 6534 5526

COMPANY SECRETARIES OF THE MANAGER

Yeoh Kar Choo Sharon
Chiang Wai Ming

TMF Singapore H Pte. Ltd.

38 Beach Road
South Beach Tower #29-11
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Tel : (65) 6808 1600
Fax : (65) 6808 1616

LEGAL ADVISER

Allen & Gledhill LLP

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Tel : (65) 6890 7188
Fax : (65) 6327 3800

AUDITOR

KPMG LLP

16 Raffles Quay #22-00
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Singapore 048581

Tel : (65) 6213 3388
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Partner-in-charge : Lee Jee Cheng Philip
(appointed with effect from financial year ended 31 December 2015)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Tel : (65) 6536 5355
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STOCK EXCHANGE QUOTATION

SGX Stock Code : K2LU
Bloomberg Code : CACHE SP
Reuters Code : CALT.SI

WEBSITES

www.cache-reit.com
www.ara-asia.com
www.cwtlimited.com

NOTES:

[1] Resigned with effect from 9 February 2018.
[2] Appointed with effect from 9 February 2018.

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MANAGED BY

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