



CACHE LOGISTICS TRUST

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

Press Release

**Cache Logistics Trust Reports
Income Available for Distribution of S\$16.2 million in 4Q FY18**

Performance Highlights:

- A resilient set of financial performance - 4QFY18 Income Available for Distribution of S\$16.2 million and DPU of 1.502 cents was higher by 2.0% and 1.8% respectively compared to 3QFY18
- Strong committed portfolio occupancy at 95.0% of NLA with 1.3 million square feet of leases successfully inked in FY18
- Successful refinancing involved unencumbering all of Cache’s Singapore properties, extending the average debt maturity to 3.9 years and fixing 75.2% of Cache’s interest rate exposure

Financial Performance

In S\$'000 unless otherwise noted

	4Q FY18	4Q FY17	Change (%)	FY18	FY17	Change (%)
Gross Revenue	30,988	29,576	4.8	121,540	111,960	8.6
Net Property Income (NPI)	23,368	23,520	(0.6)	90,924	87,291	4.2
Income Available for Distribution	16,178	17,079	(5.3)	63,409	66,015	(3.9)
- from operations	15,804	17,079	(7.5)	62,241	64,403	(3.4)
- from capital	374 ⁽¹⁾	-	nm	1,168 ⁽²⁾	1,612 ⁽³⁾	(27.5)
Distribution per Unit (DPU) (cents)	1.502	1.597	(5.9)	5.903	6.583⁽⁴⁾	(10.3)
- from operations	1.467	1.597	(8.1)	5.794	6.418	(9.7)
- from capital	0.035 ⁽¹⁾	-	nm	0.109 ⁽²⁾	0.165 ⁽³⁾	(33.9)
Number of Units in Issue and to be issued	1,077.9	1,069.7	0.8	1,077.9	1,069.7	0.8

Notes:

- (1) Capital distribution in 4QFY18 relates to reimbursement of outstanding lease incentives from certain Australian properties.
- (2) Capital distribution in FY18 relates to reimbursement of outstanding lease incentives from certain Australia properties and proceeds from the disposal of Kim Heng warehouse.
- (3) Capital distribution in FY17 relates solely to proceeds from the disposal of Kim Heng warehouse.
- (4) In September 2017, Cache undertook an underwritten and renounceable rights issue (the “Rights Issue”) of 162,565,716 new units to raise gross proceeds of S\$102.7 million. The FY17 DPU is recomputed to reflect the effects of the Rights Issue.

Singapore, 25 January 2019 – ARA Trust Management (Cache) Limited, the manager (the “**Manager**”) of Cache Logistics Trust (“**Cache**”), announced today an Income Available for Distribution of S\$16.2 million for the period 1 October 2018 to 31 December 2018 (“**4QFY18**”) and S\$63.4 million for the period 1 January 2018 to 31 December 2018 (“**FY18**”). The distribution per unit (“**DPU**”) for 4QFY18 was 1.502 cents, 1.8% higher than the 1.475 cents declared in 3QFY18.

4QFY18 Gross Revenue increased by 4.8% year-on-year (“y-o-y”) to S\$31.0 million while NPI was down marginally by 0.6% to S\$23.4 million. While NPI from the Australia portfolio increased 71.1% due to the additional nine-property portfolio acquired in February 2018, the Singapore portfolio recorded a lower NPI mainly due to a lower contribution from Commodity Hub, absence of income from Hi-Speed Logistics Centre which was divested in May 2018 and a lower contribution from 51 Alps Ave, Singapore due to its one-time rental top-up in 4QFY17¹. 4QFY18 Income available for distribution was down 5.3% to S\$16.2 million, after including a S\$1.4 million paid to perpetual security owners and a withholding tax of S\$0.8 million due to the divestment of Jinshan Chemical Warehouse in China. 4QFY18 DPU fell by 5.9% y-o-y to 1.502 cents.

FY18 Gross Revenue and NPI increased by 8.6% and 4.2% y-o-y to S\$121.5 million and S\$90.9 million respectively, primarily due to the same attributable factors in 4QFY18. Excluding the effects of the capital distribution of S\$1.6 million in FY17 and S\$0.4 million in 2QFY18 (attributable to the proceeds from the disposal of Kim Heng warehouse), and including the reimbursement of outstanding lease incentives from certain Australian properties (paid in the form of capital), the Income Available for Distribution decreased by 2.2% y-o-y to S\$63.0 million, compared to a decline of 3.9% y-o-y to S\$63.4 million. On a like-for-like basis, DPU would have fallen by 8.6% y-o-y.

An Improved Performance Relative to 3QFY18

Compared to the preceding quarter, 4QFY18 Income Available for Distribution and DPU compares positively. 4QFY18 Income Available for Distribution of S\$16.2 million and DPU of 1.502 cents was higher by 2.0% and 1.8% respectively (3QFY18 Income Available for Distribution: S\$15.9 million; DPU: 1.475 cents). This was attributable to a stable NPI performance from both the Australia and Singapore portfolios.

	4Q FY18	3Q FY18	Change (%)
Gross Revenue	30,988	31,498	(1.6)
Net Property Income (NPI)	23,368	23,063	1.3
Income Available for Distribution	16,178	15,858	2.0
- from operations	15,804	15,472	2.1
- from capital ⁽¹⁾	374	386	(3.1)
Distribution per Unit (DPU) (cents)	1.502	1.475	1.8
- from operations	1.467	1.439	1.9
- from capital ⁽¹⁾	0.035	0.036	(2.8)
Number of Units in Issue and to be issued	1,077.9	1,074.7	0.3

Note:

(1) Capital distribution in 4QFY18 and 3QFY18 relates to reimbursements received in relation to outstanding lease incentives from certain Australian properties.

¹ A relevant sum of S\$8.2 million, including costs and rental top-up, was paid to Cache in October 2017 in association with the amicable resolution of the 51 Alps Ave, SG lease dispute. Cache entered into a 46-month lease with Schenker Singapore from 1 November 2017.

Chief Executive Officer of the Manager, Daniel Cerf said: “FY18 has been a milestone year. During the year, ARA took full control of the Manager and increased its stake substantially to become the single largest Unitholder in Cache. This significant development demonstrates ARA’s confidence and strong support in Cache, and we will continue to capitalise on ARA’s established foothold to grow the REIT.”

Mr Cerf continued: “Our portfolio rebalancing and growth strategy is also in full swing. During the year, we acquired a nine-property warehouse portfolio in Australia for approximately A\$178 million and divested two properties, Hi-Speed Logistics Centre in Singapore and Jinshan Chemical Warehouse in China. Operating performance wise, we maintained a strong committed portfolio occupancy at 95% and successfully secured some 1.3 million square feet of leases in FY18. All of these achievements are on the back of our prudent capital management efforts where we maintained our aggregate leverage ratio at a comfortable 36.2% with an extended debt expiry profile of 3.9 years and a Singapore portfolio that is entirely unencumbered.”

Quality Portfolio with Strong Operating Metrics

As at 31 December 2018, Cache maintained a strong committed portfolio occupancy of 95% and the WALE by net lettable area was 3.2 years. Approximately 336,800 and an aggregate 1.3 million square feet of leases were secured in 4QFY18 and FY18 respectively.

Maintaining a Prudent Capital Management Structure

In 4QFY18, Cache successfully refinanced part of its Singapore-dollar borrowings into a new 5.5-year \$265 million unsecured debt facility comprising a S\$200 million term loan and a committed revolving credit facility of S\$65 million. Post refinancing, 84% of Cache’s total borrowings is unsecured, with the Singapore portfolio entirely unencumbered. In addition to a well-staggered debt maturity profile with an average debt maturity of 3.9 years, about 75.2% of Cache’s interest rate exposure is fixed for the next three years.

Other Achievements

On 2 January 2019, Cache and Sembcorp Industries announced the signing of a solar power agreement for the installation and operation of rooftop solar farms at three of Cache’s warehouses in Singapore, with Commodity Hub housing Singapore’s largest rooftop solar facility to date. When fully-installed in mid-2019, the energy-efficient initiative will produce over 9,400 megawatt hours of power annually, enough renewable energy to power more than 2,000 four-room HDB flats in a single year. The green project is beneficial in that it not only takes advantage of under-utilised rooftop space in Cache’s warehouses to lessen its conventional energy consumption and operating costs, but more importantly, reduces its carbon footprint.

For its commitment to strong corporate governance and investor relations, Cache capped the year with two awards, the Bronze award in Best Investor Relations (REITs and Business Trusts) at the Singapore Corporate Awards 2018 and the Gold award in the Industrial REITs (Singapore) (Less than USD1 billion in market capitalisation) category at the Asia Pacific Best of the Breeds REITs Awards™ 2018.

Outlook

The global economy remains uncertain as rising trade tensions and geopolitics continue to weigh in. Singapore's economy grew slower at 2.2% on a year-on-year basis in 4Q2018 due to a softening manufacturing sector². JTC's rental indices showed a continuing rental decline for single-user factory and warehouse space, although the rate of decrease has moderated. Industrial factory and warehouse rents are forecasted to change -0.5% to +0.5% in 2019³. In Australia, the economy is performing well, although GDP growth is forecasted to average around 3.5% in 2018 and 2019 before slowing in 2020 due to a forecasted slower growth in resource exports⁴.

Looking ahead, the Manager will continue to pursue opportunities for strategic acquisitions and asset enhancements to strengthen its portfolio and grow earnings over time.

Distribution to Unitholders

Cache will pay a distribution of 1.502 cents per unit on 28 February 2019 for the period from 1 October 2018 to 31 December 2018. The books closure date is on 4 February 2019.

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

Daniel Cerf
Chief Executive Officer
25 January 2019

For enquiries, please contact:

ARA Trust Management (Cache) Limited

Judy Tan

Director, Investor Relations

Tel: +65 6512 5161

Email: judytan@ara-group.com

² Ministry of Trade and Industry, Press Release, "Singapore's GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2018", 2 January 2019.

³ Savills World Research, Industrial Sector Briefing, November 2018.

⁴ Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 4 December 2018.

ABOUT CACHE LOGISTICS TRUST (“CACHE”)

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

As at 31 December 2018, Cache’s portfolio comprised 26 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore, Australia and China. The portfolio has a total gross floor area of approximately 8.6 million square feet valued at approximately S\$1.3 billion.

For more information, please visit www.cache-reit.com.

Cache is managed by ARA Trust Management (Cache) Limited.

ABOUT ARA TRUST MANAGEMENT (CACHE) LIMITED

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

ARA Asset Management Limited is a premier global integrated real assets fund manager. As at 30 June 2018, the Gross Assets Managed by ARA Group⁵ and its Associates is approximately S\$78.2 billion across 62 cities in 20 countries.

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

- (a) **REITs** – ARA is one of the largest REIT managers in Asia. The Group directly manages 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. It also indirectly manages REITs in Japan and Australia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment in line with the increasing opportunities in this asset class.
- (d) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia and Europe. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country collaborations. In Korea, ARA manages six private REITs; In Japan, ARA holds a strategic stake in Kenedix, Inc. with approximately S\$25 billion in assets under management (“AUM”); In Europe, ARA’s platform is extended through its strategic partnership with Australia-based Cromwell Property Group which has approximately S\$11 billion in AUM, of which S\$5 billion is in Europe.
- (e) **Real estate management services** – As part of the Group’s investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets around the world.

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

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

⁵ ARA Asset Management Holdings Pte. Ltd. and the Group of companies.

IMPORTANT NOTICE

The value of units in Cache (“**Units**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Cache) Limited (as the manager of Cache) (the “**Manager**”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Cache is not necessarily indicative of the future performance of Cache.