



CACHE LOGISTICS TRUST

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

Press Release

**Cache Logistics Trust Reports
Distributable Income of S\$16.3 million in 1Q FY19**

Performance Highlights:

- Announced the proposed acquisition of a single-storey logistics warehouse and office facility in Altona, Victoria, Australia in line with its Portfolio Rebalancing and Growth Strategy
- Achieved higher Y-O-Y gross revenue and NPI
- Healthy occupancy of 94.8%, above JTC warehouse average of 89.5%⁽¹⁾
- Resolution of 51 Alps Ave, Singapore Tax Matter - transparency granted

Financial Performance

In S\$'000 unless otherwise noted

	1Q FY19	1Q FY18	Change (%)	4Q FY18	Change (%)
Gross Revenue	30,828	29,026	6.2	30,988	(0.5)
Net Property Income ("NPI")	23,766	22,860	4.0	23,368	1.7
Distributable Income	16,333	16,145	1.2	16,178	1.0
- from operations	16,118	16,145	(0.2)	15,804	2.0
- from capital ⁽²⁾	215	-	nm	374	(42.5)
Distribution per Unit ("DPU") (cents)	1.513⁽³⁾	1.507	0.4	1.502	0.7
- from operations	1.493	1.507	(0.9)	1.467	1.8
- from capital ⁽²⁾	0.020	-	nm	0.035	(42.9)
Number of Units in Issue and to be issued ('000)	1,079,569	1,071,274	0.8	1,077,881	0.2

Singapore, 25 April 2019 – ARA Trust Management (Cache) Limited, the manager (the "**Manager**") of Cache Logistics Trust ("**Cache**"), announced today a Distributable Income of S\$16.3 million for the period 1 January 2019 to 31 March 2019 ("**1Q FY19**"). The distribution per unit ("**DPU**") for 1Q FY19 was 1.513 cents.

¹ JTC Quarterly Market Report. Fourth Quarter 2018.

² Reimbursements received from vendors in relation to lease incentives at the point of completion of the acquisition of certain properties in Australia.

³ Based on 1,079,569,383 units issued or to be issued as at 31 March 2019.

Gross Revenue for the quarter grew 6.2% year-on-year (“y-o-y”) to S\$30.8 million and NPI increased by 4.0% to S\$23.8 million as compared to 1Q FY18. The increase in gross revenue was mainly due to higher contributions from the 9-property Australia portfolio acquired in February 2018 as well as the conversion of CWT Commodity Hub from master lease to multi-tenancy lease structure.

Higher NPI was mainly attributable to last year’s acquisitions in Australia and S\$1.5 million of land rent that was excluded from property expenses due to the adoption of a new Financial Reporting Standards (FRS 116) effective 1 January 2019, partially off-set by lower contribution from the divestment of 40 Alps Ave and lower performance of the Singapore portfolio due to higher property expenses incurred from the conversion of CWT Commodity Hub from a master lease to a multi-tenancy lease structure.

Distributable income for the quarter increased by 1.2% to S\$16.3 million on the back of a higher tax-exempt income from overseas subsidiaries and a higher capital distribution of S\$0.2 million.

Compared to 4Q FY18, Gross Revenue fell marginally by 0.5% to S\$30.8 million while NPI increased 1.7% to S\$23.8 million. The slight decrease in Gross Revenue was mainly due to lower contribution following the divestment of Jinshan Chemical Warehouse at end-December 2018. NPI rose slightly due to S\$1.5 million of land rent that was excluded from property expenses following the adoption of FRS 116. Distributable Income was slightly higher by 1.0%, increasing from S\$16.2 million in 4Q FY18 to S\$16.3 million in 1QFY19.

In relation to the 51 Alps Ave., Singapore tax matter, as announced on 17 April 2019⁽⁴⁾, a positive resolution has been reached with Inland Revenue Authority of Singapore (“IRAS”). IRAS has confirmed that out of the approximately S\$8.2 million which Cache received as part of the mediation dispute resolution, approximately S\$7.4 million qualifies for tax transparency with the balance (legal fees and trial-related costs) being subject to tax. Subject to final adjustments with IRAS, approximately S\$2.9 million for the rental period from 1 September 2016 to 31 March 2019, net of relevant expenses, will be distributed to Unitholders together with 2Q FY19 distributions. The balance funds, net of expenses, will be distributed quarterly over the remaining lease term of the present tenant (Schenker), i.e. from 1 April 2019 to 31 August 2021.

Portfolio Update

During the quarter, Cache further expanded its footprint in Australia with the proposed acquisition of 182 – 198 Maidstone Street in Altona, Victoria. The single-storey logistics warehouse and office facility was acquired at a purchase consideration of A\$41.2 million, with an initial property yield of 6.8%⁽⁵⁾. The transaction is expected to complete by end-April 2019.

Daniel Cerf, Chief Executive Officer of the Manager, said: “We are pleased to report that we continue to make strides in our Portfolio Rebalancing and Growth Strategy through the strategic acquisition of the Altona property this quarter. We continue to execute the strategy to increase our exposure to freehold

⁴ SGX announcement released on 17 April 2019.

⁵ Proposed acquisition of 182-198 17 Maidstone Street, Altona, Victoria, Australia announced on 20 March 2019.

assets and to optimise and grow earnings in key core markets to deliver sustainable returns for our unitholders.”

As at 31 March 2019, Cache maintained a strong committed portfolio occupancy of 94.8% and the portfolio WALE by net lettable area was 3.1 years. Approximately 242,200 square feet of leases were secured in 1Q FY19. The Manager has also commenced advanced negotiations with existing and prospective tenants for the remaining leases expiring within 2019 and beyond.

Update on Leases Relating to CWT Pte. Limited

CWT International Limited, parent company to Cache’s tenant, CWT Pte Limited (“**CWT Singapore**”), announced on 16 April 2019 a default on a HK\$1.4 billion loan facility. The Manager announced on 16 April 2019⁽⁶⁾ that CWT Singapore had not defaulted on any obligations under its leases with Cache. The Manager further described that CWT Singapore’s contribution as at 16 April 2019 was approximately 16.5% of gross rental income (“**GRI**”) with a WALE by GRI of less than one year. The Manager assured investors that Cache will continue to monitor the situation and engage existing end-users as well as prospective tenants at the appropriate time in its efforts to maintain occupancy and preserve the continuity of rental income.

Proactive Capital Management

Cache continued to maintain a prudent capital structure with an aggregate leverage of 37.4% at end-March 2019. The year-to-date all-in financing cost in 1Q FY19 stood at 3.87%. The debt maturity profile continues to remain well-spread with a weighted average debt maturity of 3.8 years.

As for foreign exchange exposure, approximately 85.2% of Cache’s distributable income is either hedged or derived in Singapore dollars - representing minimal foreign currency risk.

Outlook

The overall occupancy rate of the industrial property market in Singapore rose by 0.2% on a q-o-q basis and 0.4% on a y-o-y basis in 4Q 2018 according to JTC statistics. Industrial space prices and rental rates remained largely unchanged⁽⁷⁾. In a report by Colliers International, Singapore’s industrial property market has started to show signs of stabilising at the end of 2018. However, manufacturing growth momentum is expected to experience moderation in 2019 in view of a potential slowdown in China’s domestic economy, trade protectionism and concerns over a trade war⁽⁸⁾.

In Australia, the industrial and logistics economy continues to perform well with major infrastructure projects driving growth in the construction sector, according to CBRE Research. Higher demand for logistics and industrial space is likely to be underpinned by the rise of e-commerce. It is estimated to potentially create new demand for 350,000 sqm of new industrial and logistics space in Australia each year until 2022, where the space will be made up largely of new large-scale distribution centres.⁽⁹⁾

⁶ SGX announcement released on 16 April 2019.

⁷ JTC Quarterly Market Report. Fourth Quarter 2018.

⁸ Colliers International Singapore Research, “A Stable Outlook into 2019”, 1 March 2019.

⁹ CBRE Research, Australia Real Estate Market Outlook 2019.

Looking ahead, the Manager remains committed to its proactive asset management strategy to maintain high occupancy and optimise overall returns. As part of its Portfolio Rebalancing and Growth Strategy, the Manager will also continue to prudently seek strategic acquisitions and asset enhancement opportunities to strengthen its portfolio and grow sustainable earnings over time.

Distribution to Unitholders

For 1Q FY19, Cache will pay a distribution of 1.513 cents per unit on 29 May 2019 for the period from 1 January 2019 to 31 March 2019. The books closure date is on 6 May 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 April 2019

For enquiries, please contact:

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ABOUT CACHE LOGISTICS TRUST (“CACHE”)

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

As at 31 March 2019, Cache’s portfolio comprised 26 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia. The portfolio has a total gross floor area of approximately 8.6 million square feet valued at approximately S\$1.3 billion.

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

ABOUT ARA TRUST MANAGEMENT (CACHE) LIMITED

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

ARA Asset Management Limited is a premier global integrated real assets fund manager. As at 31 December 2018, the Gross Assets Managed by ARA Group and its Associates is approximately S\$80.1 billion¹⁰ across over 100 cities in 23 countries. Driven by a vision to be the best-in-class real assets fund management company, ARA Group and its Associates’ businesses include:

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

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

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

IMPORTANT NOTICE

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

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

¹⁰ Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates and Joint Ventures as at 31 December 2018.