



CACHE
LOGISTICS TRUST

**DRIVING
FUTURE
GROWTH**

ANNUAL REPORT 2018

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ABOUT THE 2018 ANNUAL REPORT

Bolstered by a diversified portfolio of high-quality logistics assets, prudent capital management structure and a proven investment strategy, Cache Logistics Trust will continue to leverage its extensive experience and execute its Portfolio Rebalancing and Growth strategy to drive future growth.



VISION

Our vision is to provide our customers with the highest quality logistics real estate solutions in Asia Pacific.

MISSION

Our mission is to deliver regular and stable distributions to Unitholders and achieve long-term sustainable growth in Distribution Per Unit and Net Asset Value. 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 2018, Cache's portfolio comprised 26 high-quality logistics warehouse properties strategically located in established logistics clusters in Singapore and

Australia with a total gross floor area ("GFA") of 8.6 million square feet and an appraised value of S\$1.3 billion.

Cache is externally managed by ARA 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.

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

ABOUT ARA TRUST MANAGEMENT (CACHE) LIMITED

ARA Asset Management Limited ("ARA") 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 billion¹ 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.

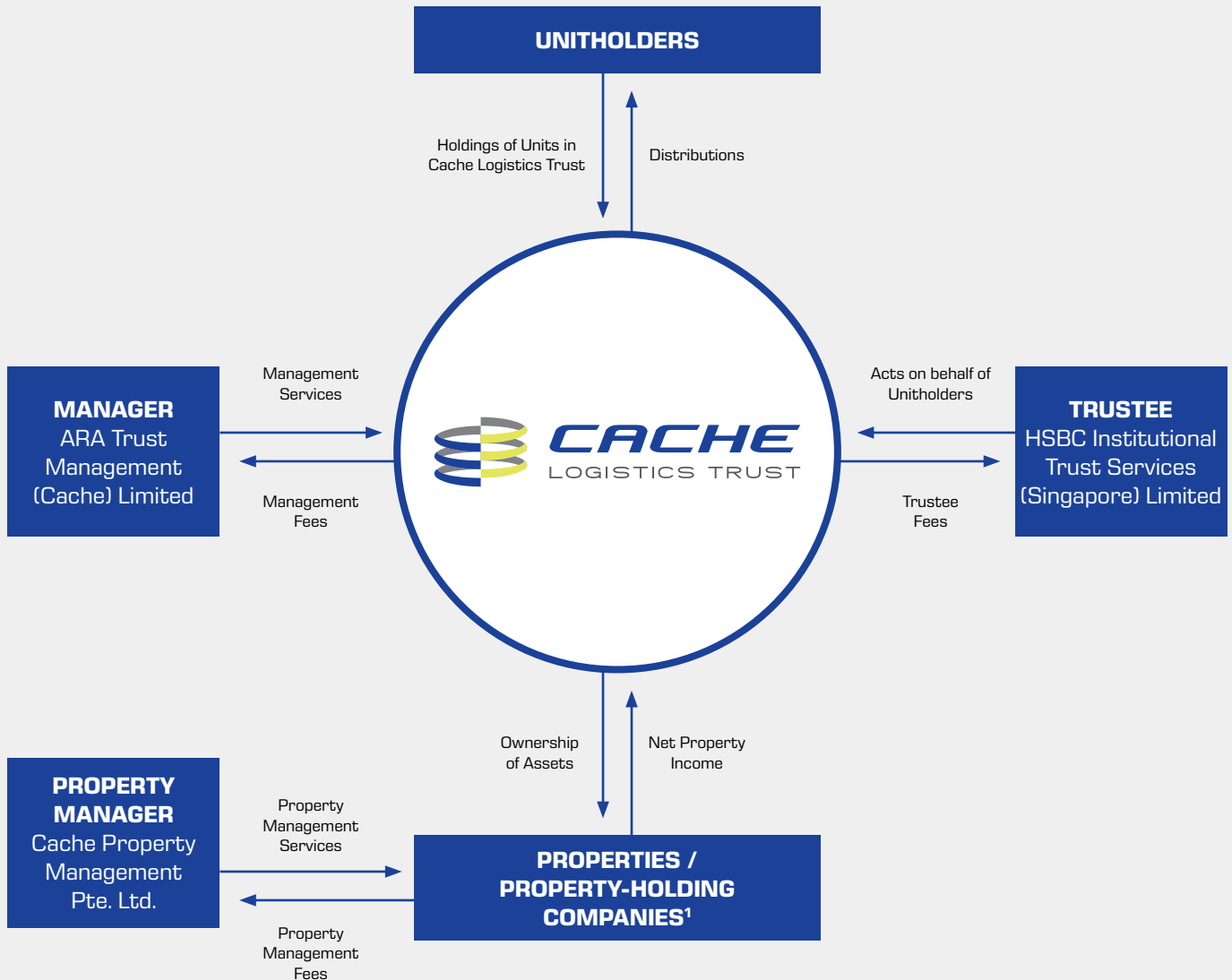
ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest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

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

Note:

¹ 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.

TRUST STRUCTURE AND ORGANISATION STRUCTURE OF THE MANAGER



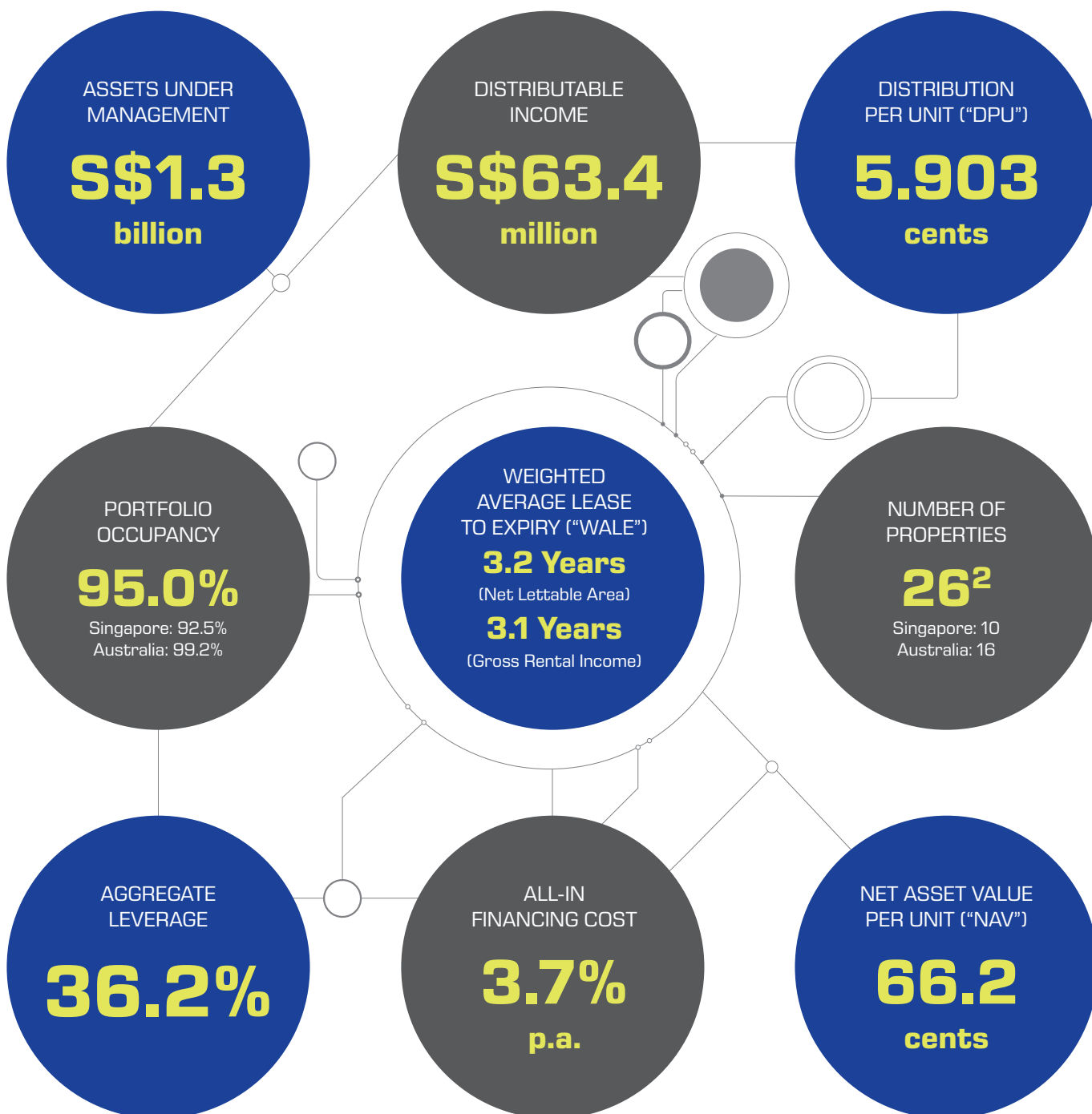
ORGANISATION STRUCTURE OF THE MANAGER



Note:

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

FY2018¹ KEY HIGHLIGHTS



Notes:

¹ FY2018 refers to financial year 2018, which is the period from 1 January 2018 to 31 December 2018.

² Excludes Jinshan Chemical Warehouse in Shanghai, China which was divested on 31 December 2018.

FY2018

KEY EVENTS

JANUARY 2018

- ▶ Announced Distributable Income of S\$17.1 million for the period 1 October 2017 to 31 December 2017. DPU for the quarter amounted to 1.597 cents.
- ▶ 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 (approximately S\$188.3 million).
- ▶ Announced the proposed divestment of Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore for S\$73.8 million, above its latest valuation of S\$69.0 million.

FEBRUARY 2018

- ▶ Issued S\$100.0 million perpetual securities as part of its S\$1.0 billion Multicurrency Debt Issuance Programme.
- ▶ Completed the acquisition of the nine-property warehouse portfolio in Australia.

APRIL 2018

- ▶ Convened its 7th Annual General Meeting on 23 April 2018. All resolutions set out in the Notice of AGM were duly passed.
- ▶ Announced Distributable Income of S\$16.1 million for the period 1 January 2018 to 31 March 2018. DPU for the quarter amounted to 1.507 cents.

MAY 2018

- ▶ Completed the divestment of Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore.

JULY 2018

- ▶ Announced Distributable Income of S\$15.2 million for the period 1 April 2018 to 30 June 2018. DPU for the quarter amounted to 1.419 cents.
- ▶ Received the Bronze award for Best Investor Relations (REITs & Business Trusts category) at the Singapore Corporate Awards 2018.

- ▶ ARA acquired full control of the Manager and the Property Manager of Cache via its wholly-owned subsidiaries. The Manager's name was changed to ARA Trust Management (Cache) Limited.

AUGUST 2018

- ▶ Received the Gold award in the Industrial REITs category at the Asia Pacific Best of the Breeds REITs Awards™ 2018.

SEPTEMBER 2018

- ▶ ARA became the largest Unitholder in Cache as it increased its stake to 9.2%.

OCTOBER 2018

- ▶ Announced Distributable Income of S\$15.9 million for the period 1 July 2018 to 30 September 2018. DPU for the quarter amounted to 1.475 cents.
- ▶ Refinanced part of its Singapore dollar loan facilities with a new 5.5-year S\$265.0 million unsecured debt facility which comprises a S\$200.0 million term loan and a committed revolving credit facility of S\$65.0 million.
- ▶ Announced the proposed divestment of Jinshan Chemical Warehouse located at No. 288 Gongchuang Road, Caojing Town, Jinshan District, Shanghai, China for RMB87.0 million, above its latest valuation of RMB77.3 million.

DECEMBER 2018

- ▶ Completed the divestment of Jinshan Chemical Warehouse.

JANUARY 2019

- ▶ Announced Distributable Income of S\$16.2 million for the period 1 October 2018 to 31 December 2018. DPU for the quarter amounted to 1.502 cents.
- ▶ Signed an agreement with Sembcorp Industries for the installation and operation of rooftop solar farms at three of Cache's logistics warehouses in Singapore, for a combined capacity of approximately 7.9 megawatts.

PERFORMANCE HIGHLIGHTS

5-YEAR FINANCIAL HIGHLIGHTS

	FY2014	FY2015	FY2016	FY2017	FY2018
Income Statement & Distribution Data					
Gross Revenue (S\$'000)	82,852	89,721	111,271	111,960	121,540
Net Property Income (S\$'000)	78,000	76,156	88,014	87,291	90,924
Distributable Income (S\$'000)	66,880	67,960 ¹	69,318 ¹	66,015 ¹	63,409¹
Distribution Per Unit (Singapore cents)	8.573	8.500 ²	7.725 ²	6.583 ³	5.903⁴
Balance Sheet Data					
Total Assets (S\$ million)	1,137.1	1,326.3	1,258.3	1,229.0	1,309.7
Total Borrowings (S\$ million) ⁵	355.2	528.4	542.6	446.7	474.7
Unitholders' Funds (S\$ million)	766.9	786.5	701.1	765.7	713.2
Value of Portfolio Properties (S\$ million) ⁶	1,120.2	1,308.0	1,236.4	1,206.9	1,269.0
Net Asset Value per Unit (Singapore cents)	98.1	88.0	77.9	71.6	66.2
Key Financial Ratios					
Distribution Yield (%) ⁷	7.4	9.3	9.5	7.7	8.5
Aggregate Leverage Ratio (%) ⁸	31.2	39.8	43.1	36.3	36.2
Interest Coverage Ratio (times) ⁹	6.8	4.8	4.0	4.2	3.9
All-in Financing Cost (%) ¹⁰	3.30	3.25	3.60	3.56	3.71
Units in Issue (million) ¹¹	781.8	893.5	900.5	1,069.7	1,077.9
Market Capitalisation (in S\$ million) ¹²	906.8	813.1	729.4	914.6	749.1

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, S\$1.61 million and S\$0.408 million in FY2015, FY2016, FY2017 and FY2018 respectively.

² Includes a partial capital distribution from the divestment proceeds of Kim Heng Warehouse. The 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 Includes reimbursements received in relation to outstanding lease incentives from certain Australia properties and the divestment proceeds of Kim Heng Warehouse. Excludes unamortised costs.

⁵ Based on annual independent valuations of portfolio properties.

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 was 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.

UNIT PRICE PERFORMANCE

UNIT PRICE PERFORMANCE

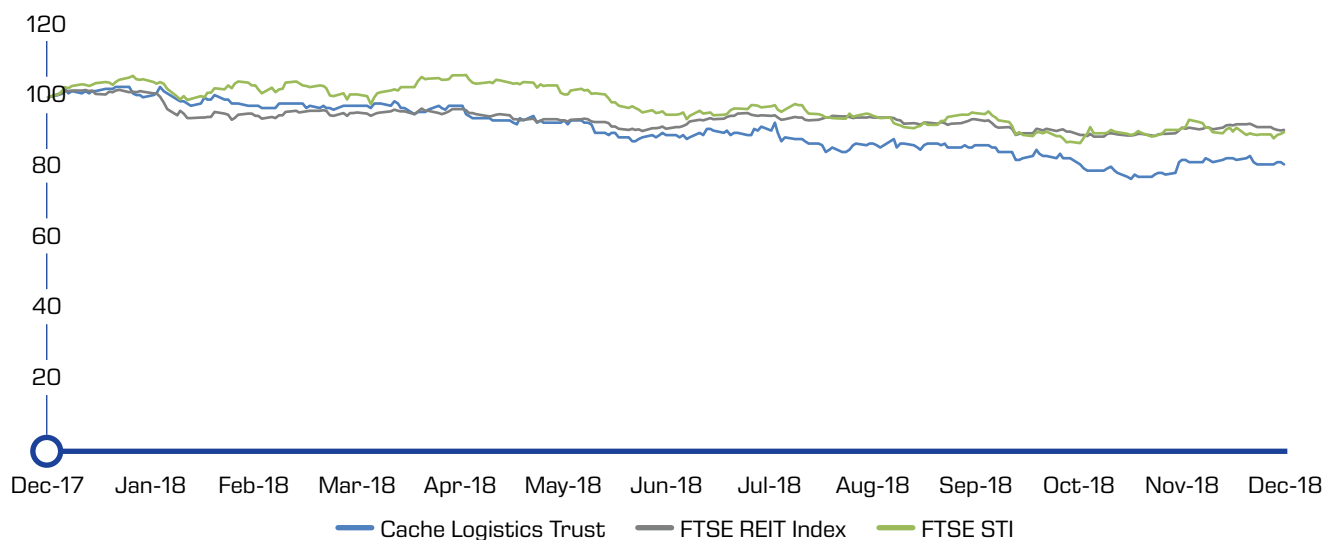
	2017	2018
Opening Price (S\$)	0.780	0.855
Closing Price (S\$)	0.855	0.695
Highest Closing Price (S\$)	0.910	0.880
Lowest Closing Price (S\$)	0.766	0.660
Average Daily Volume Traded (million Units)	2.5	1.8

Source: Bloomberg

Cache's unit opening price was S\$0.855 and it closed at S\$0.695 on 31 December 2018, the last trading day of 2018, with a market capitalisation of approximately S\$749.1 million. At a closing price of S\$0.695 and a full year DPU of 5.903 cents, Cache offered a distribution yield of approximately 8.5%. As at 31 December 2018, Cache offered a total return of approximately 59.6% since listing.

COMPARATIVE 1-YEAR PERFORMANCE

(Base = 100 on 31 December 2017)



Source: Bloomberg

RELATIVE PERFORMANCE

Performance of Cache compared with major indices ¹	1 Year		3 Year		5 Year	
	Price Change	Total Return	Price Change	Total Return	Price Change	Total Return
Cache Logistics Trust	-18.7%	-12.2%	-20.7%	0.8%	-35.3%	-3.5%
FTSE REIT Index	-9.2%	-3.7%	11.7%	34.3%	8.9%	48.6%
FTSE ST Index	-9.8%	-6.5%	6.5%	18.4%	-3.1%	15.0%

Source: Bloomberg

Note:

¹ 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.

LETTER TO UNITHOLDERS

“Acquisitions and divestments over the past few years demonstrate the success of Cache’s portfolio rebalancing and growth strategy where capital was recycled from lesser-performing assets into good quality, income-producing freehold properties in Australia to generate stable, long-term sustainable earnings for Unitholders.”

DEAR UNITHOLDERS,

On behalf of the Board of Directors of the Manager (“Board”), we are pleased to present the Cache Logistics Trust Annual Report 2018 for the financial year ended 31 December 2018 (“FY2018”).

FY2018 was a fulfilling year. We divested two assets in Singapore and China, and expanded further in Australia with the acquisition of nine logistics warehouses. This is the first year in which the number of warehouses in Australia outnumbers that in Singapore. Our rebalancing and growth strategy commenced in 2015 with our expansion into Australia. This has allowed us to reap the benefits of the diversification by demonstrating income and capital growth and to mitigate the lacklustre industrial property market in our core market, Singapore, over the past few years.



Daniel Cerf
Chief Executive Officer

Lim How Teck
Chairman

LOOKING AT REAL ESTATE LONG TERM BEYOND MACROECONOMIC UNCERTAINTIES

2018 was a year where investors' heightened sensitivity to risks arising from a protracted period of geopolitical challenges, concerns over tightened monetary conditions and the US-China trade war.

The International Monetary Fund ("IMF") has downgraded its global economic growth forecast to 3.5% and 3.6% for 2019 and 2020 respectively due to weakness in Europe and some emerging markets. The IMF's second downgrade in three months reflects the level of global uncertainty¹. The US Federal Reserve has raised interest rates four times in 2018 to a range of 2.25% to 2.50%, although the market expects fewer hikes in 2019.

In Singapore, the economy grew by 3.2% for the whole of 2018², down from 2017's 3.9%, mainly driven by a strong manufacturing sector. Despite a slowdown in the Purchasing Manager Index ("PMI") reading in 2018, the PMI posted its 28th month of consecutive expansion.

Australia has enjoyed a sustained long-term economic growth, recording 27 consecutive years of positive economic activity. Gross Domestic Product ("GDP") in 2018 was just above 3.0%, above the 10-year annual average of 2.6%, and is expected to remain above 3.0% to 2020³. The Reserve Bank of Australia kept the cash rate unchanged at 1.5%.

CACHE'S PERFORMANCE IN FY2018

Despite the challenging operating environment in Singapore, Cache delivered a set of stable financial results.

FY2018 Gross Revenue increased by 8.6% to S\$121.5 million, mainly attributable to the incremental contribution from the nine-property Australia portfolio acquired in February 2018 offset by a weaker contribution from the Singapore portfolio. NPI rose by 4.2% to S\$90.9 million over the corresponding period last year, driven by a strong 60.8% growth in NPI from the Australia portfolio.

Distributable Income in FY2018 was S\$63.4 million, a decrease of S\$2.6 million, or 3.9% lower compared to the previous year, after factoring in distribution to Perpetual Security Holders of approximately S\$5.0 million and a withholding tax of S\$0.8 million from the divestment of Jinshan Chemical Warehouse in China. In addition, a retention sum of S\$2.7 million (net of relevant expenses) relating to the unresolved tax matter at 51 Alps Avenue, Singapore, has been accumulated to date⁴. Excluding the effects of capital distributions and including the reimbursement of outstanding lease incentives from certain Australia properties (paid in the form of capital), the distributable amount to Unitholders would have decreased by 2.2% y-o-y to S\$63.0 million, as compared to 3.9%. DPU for the full year was 5.903 cents.

Cache maintained a resilient operating performance in FY2018. As at 31 December 2018, Cache's portfolio committed occupancy remained strong at 95.0% and the portfolio weighted average lease to expiry ("WALE") by NLA was 3.2 years. As a result of the team's proactive leasing strategy, over 1.3 million square feet of leases were secured in FY2018. The portfolio experienced a negative rental reversion of 4.5%, owing to a soft industrial rental market in Singapore.

Underpinned by a strong tenant base, the lease expiry profile as at end-December 2018 was well-staggered. Cache's tenants/end-users comprise largely multi-national third-party logistics service providers ("3PLs") and companies from diverse business sectors ranging from industrial and consumer goods to food and cold storage, materials, engineering, construction, healthcare and e-commerce.

As at 31 December 2018, the appraised value of Cache's 26 investment properties was S\$1,269.0 million, an increase from S\$1,206.9 million a year ago. The increase was attributable to an enlarged portfolio in Australia as a result of the nine-property portfolio acquisition in February 2018 and despite the divestment of two properties during the financial year, namely, Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore and Jinshan Chemical Warehouse in Shanghai, China.

Notes:

¹ IMF, World Economic Outlook Update, January 2019.

² Ministry of Trade and Industry (MTI), Press Release, "MTI Maintains 2019 Growth Forecast at 1.5 to 3.5 Per Cent", 15 February 2019.

³ Deloitte Access Economics Business Outlook.

⁴ 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 Avenue, Singapore lease dispute. A sum of S\$2.7 million has been retained to date, pending resolution of the appropriate tax treatment with the Singapore tax authorities.

LETTER TO UNITHOLDERS

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

Cache remains focused on maintaining a prudent capital structure while pursuing long-term sustainable growth in earnings over time.

The balance sheet remains healthy with the aggregate leverage ratio at 36.2% as at 31 December 2018. The average all-in cost of financing in FY2018 was 3.71%.

To further increase its financial flexibility, Cache successfully refinanced part of its Singapore-dollar borrowings into a new 5.5-year S\$265.0 million unsecured debt facility comprising a S\$200.0 million term loan and a committed revolving credit facility of S\$65.0 million in the final quarter of the year. Post refinancing, 84.3% of Cache's total borrowings is unsecured and 87.4% of its portfolio is unencumbered, with the Singapore portfolio entirely unencumbered. The average debt maturity was also extended to 3.9 years as at 31 December 2018.

As added financial flexibility, Cache established a S\$1.0 billion multi-currency debt issuance programme in November 2017. With the programme in place, Cache subsequently issued S\$100.0 million subordinated perpetual securities in 1Q FY2018.

Cache maintains a relatively strong hedging profile to mitigate the impact of interest rate fluctuations on its distribution income. Approximately 75.2% of Cache's total borrowings has been hedged into fixed rates as at 31 December 2018. In addition, Cache has a minimal exposure to foreign currency risk in terms of its earnings as approximately 88.2% of Cache's distributable income was hedged into or was derived in Singapore dollars.

PORTFOLIO REBALANCING AND GROWTH STRATEGY; AN EXPANDED FOOTPRINT IN AUSTRALIA

Cache has progressed its Portfolio Rebalancing and Growth Strategy established in 2015, which targets to proactively recycle capital through strategic divestments and disciplined acquisitions of properties that contribute to sustainable long-term earnings and asset values.

During the year, Cache successfully divested Hi-Speed Logistics Centre, located at 40 Alps Avenue in Singapore, for S\$73.8 million in May 2018 and Jinshan Chemical Warehouse in Shanghai, China for RMB87.0 million in December 2018. Hi-Speed Logistics Centre was divested at a 7.0% gain over the last appraised value of the property, while Jinshan Chemical Warehouse fetched a 22.5% premium over its original purchase price.

Acquisitions and divestments over the past few years demonstrate the success of Cache's Portfolio Rebalancing and Growth Strategy, where capital continues to be recycled from lesser-performing assets into good quality, income-producing freehold assets in Australia to generate stable, long-term sustainable earnings for Unitholders.

Since its first entry into Australia in 2015 with the acquisition of six high-quality logistics warehouses, Cache has expanded further in the country. It acquired another logistics warehouse in Laverton North, Victoria in March 2017. In FY2018, it further acquired a nine-property portfolio in Australia for A\$177.6 million. Cache currently owns and manages 16 logistics warehouses in Australia, outnumbering that of the Singapore portfolio.

Australia remains an attractive investment market, offering the benefits of freehold land tenure, longer tenant WALE and strong investment covenants. Aside from the benefits of income and geographical diversification, the acquisitions further enhance Cache's base of high quality logistics tenants and end-users. The Australia portfolio contributed 23.6% of total FY2018 gross revenue.

With an expanded footprint in Australia, Cache continues to further strengthen its portfolio with more freehold properties. As at 31 December 2018, the portfolio comprised 37.2% of freehold properties by GFA, up from 22.2% as at 31 December 2017.

INDUSTRY ACCOLADES

Cache is honoured to have received two awards in FY2018 for its commitment and relentless pursuit of 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.

The Manager would like to express its sincere appreciation for the support received from Unitholders, the media and the investment community in both awards.

CONTRIBUTING TOWARDS SUSTAINABILITY

The Board firmly believes that a strong environmental, social and governance (“ESG”) performance is critical to Cache’s long-term performance.

On 2 January 2019, Cache and Sembcorp Industries announced the signing of a power purchase 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 by mid-2019, this clean energy 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 and reduces operating costs, but more importantly, reduces its carbon footprint. More details will be available in the sustainability report which will be published online during the year.

LOOKING AHEAD

The global economy remains uncertain as rising trade tensions and geopolitics continue to weigh in. According to the MTI, the Singapore economy is expected to grow between 1.5% and 3.5% in 2019. The Australia economy is expected to continue to record robust GDP growth of above 3.0% to 2020, buoyed by low interest rates and a weak local currency. The country is also set to benefit from a record infrastructure investment by the government, which is positive for the logistics industry.

Looking ahead, the Manager remains focused on proactive lease management to maintain high occupancy and optimise overall returns. It will also continue to drive long-term sustainable growth in earnings and asset values through strategic divestments and disciplined acquisitions of freehold assets via its Portfolio Rebalancing and Growth Strategy.

ACKNOWLEDGEMENTS

As part of the board’s renewal process, Mr John Lim and Mr Moses K. Song, both Non-Executive Directors of the Manager, resigned from the Board on 1 January 2019. Mr Lim Ah Doo, Lead Independent Non-Executive Director and Chairman of the Audit Committee and Ms Stefanie Yuen Thio, Independent Non-Executive Director, retired from the Board on 15 March 2019 after nine years. The Board of Directors expresses its sincere appreciation for their dedicated service and contributions.

Mr Oh Eng Lock, formerly the Group CEO and Executive Director of BreadTalk Group Limited, and who brings with him vast experience in management and financial markets, has been appointed as an Independent Non-Executive Director and Member of the Audit Committee of the Manager with effect from 15 March 2019. The Board welcomes Mr Oh and looks forward to working closely with him on guiding Cache forward in its growth journey.

Our appreciation also goes out to the entire Board of Directors for their wise counsel and stewardship. We would also like to thank the management team for their hard work and commitment. Finally, we would like to express our gratitude to Unitholders, tenants, the investment community and business associates for their continued support.

Lim How Teck
Chairman

Daniel Cerf
Chief Executive Officer



FORTIFYING OUR FUNDAMENTALS

Cache's growth since its listing in April 2010 has been achieved on sound fundamentals built over the years. Going forward, the strong fundamentals will position Cache for further sustainable growth.

S\$90.9M

Net Property Income

S\$1.3B

Valuation



BOARD OF DIRECTORS



Top row: Lim How Teck, Lim Hwee Chiang John¹ and Lim Ah Doo²
Middle row: Stefanie Yuen Thio², Lim Kong Puay and Lim Lee Meng
Bottom row: Chia Nam Toon, Moses K. Song¹ and Oh Eng Lock³

Notes:

- ¹ Resigned on 1 January 2019.
² Resigned on 15 March 2019.
³ Appointed on 15 March 2019.

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., Redwood International Pte. Ltd. and NauticAWT Limited. Mr Lim is also Lead Independent Director, Chairman of the Audit Committee and Member of the Nomination Committee of Raffles Education Corporation 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.

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.

LIM HWEI CHIANG JOHN

Non-Executive Director

Mr Lim Hwei Chiang John was a Non-Executive Director of the Manager.

Mr Lim is Co-Founder, Group Chief Executive Officer and Executive Director of ARA Asset Management Limited. 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. and Suntec Singapore International Convention & Exhibition Services Pte. Ltd..

Mr Lim is Chairman of the Asia Pacific Real Estate Association (“APREA”), the Consultative Committee to the Department of Real Estate, National University of Singapore, Straits Real Estate and Lim Hoon Foundation. He is a Patron of Jurong Spring Citizens’ Consultative Committee and the Securities Investors Association of Singapore (“SIAS”). He is also a Council Member of Singapore Chinese Chamber of Commerce and Industry and an Independent Director and Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited.

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 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.

Mr Lim has resigned from the Board of the Manager with effect from 1 January 2019.

BOARD OF DIRECTORS

LIM AH DOO

Lead Independent Non-Executive Director and Chairman of the Audit Committee

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

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

Mr Lim brings with him vast experience and 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 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.

Mr Lim has resigned from the Board of the Manager with effect from 15 March 2019.

STEFANIE YUEN THIO

Independent Non-Executive Director

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

Ms Yuen Thio is currently an Independent Director and a member of Audit Committee of Singapore Medical Group Limited. As Joint Managing Partner of TSMP Law Corporation, she heads its corporate practice.

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

Ms Yuen Thio has resigned from the Board of the Manager with effect from 15 March 2019.

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 took on the role of Senior Advisor to Tuas Power after his retirement as the President and CEO of the Company in August 2018.

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.

LIM LEE MENG

Independent Non-Executive Director

Mr Lim Lee Meng is an Independent Non-Executive Director.

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 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.

CHIA NAM TOON

Non-Executive Director

Mr Chia Nam Toon is a Non-Executive Director of the Manager.

Mr Chia is Assistant Group Chief Executive Officer ("CEO") and CEO of REITs & Business Development. He oversees the business and operations of the REITs Division and is responsible for growing existing REITs and developing new REITs across Asia, United States and Europe. He also collaborates with ARA's Group Investment Office on mergers and acquisitions.

Mr Chia has 35 years of work experience, with more than 15 years in the real estate industry. Prior to joining ARA, he was CEO of the Manager of Ascendas REIT, one of Singapore's largest-listed REITs, from 2016 to 2017 and was responsible for its overall management and operations. Prior to that, he was the Group Chief Financial Officer ("CFO") of Ascendas-Singbridge from 2015 to 2016, providing strategic financial leadership for the Group. Prior to the merger between Ascendas and Singbridge, he held the position of Group Assistant CEO and CFO of Ascendas Group from 2006 to 2014, and oversaw Ascendas' corporate services functions which included Strategy Management, Communications, Legal & Corporate Secretariat, Enterprise Risk Management, Information Management and Finance.

Before joining Ascendas, Mr Chia was Chief Operating Officer and Finance Director with PEC Tech Group from 2004 to 2006. He previously held various positions with ICI Paints Asia Pacific and the ICI Group headquarters in London, Tioxide Asia Pacific, F&N Group Malaysia, KAB Group of Companies and Deloitte & Touche Malaysia.

Mr Chia holds a Diploma in Commerce from Tunku Abdul Raman College, Malaysia. He is a Fellow of the Association of Chartered Certified Accountants UK ("FCCA") and a Fellow of the Institute of Singapore Chartered Accountants.

BOARD OF, DIRECTORS

MOSES K. SONG

Non-Executive Director

Mr Moses K. Song was a Non-Executive Director of the Manager.

Mr Song is Assistant Group CEO of ARA, responsible for leading the Group's global business expansion initiatives and overseeing ARA's Country Desks in Korea, Australia, US, Japan, and Europe. He holds the concurrent appointment of Group Chief Investment Officer and heads ARA's Group Investment Office, responsible for leading the Group's principal investment activities, developing new products, and establishing new investment management platforms. Mr Song serves on the investment and executive committees of ARA Private Funds. He is also an Executive Board Member of the Asian Association for Investors in Non-Listed Real Estate Vehicles ("ANREV").

Prior to joining the Group, Mr Song was a Principal and Chief Operating Officer of Lubert-Adler Asia Advisors Pte. Ltd. Previously, he was a Managing Director with Marathon Asset Management (Singapore) Pte. Ltd. He was based in Hong Kong from 2004 to 2007 with Merrill Lynch (Asia Pacific) Ltd. as a Director in the Global Principal Investments group and Morgan Stanley Asia Ltd, as a Vice President of Morgan Stanley International Real Estate Funds ("MSREF"). Mr Song began his career as a corporate and real estate finance attorney in the US. He relocated to Asia in 2000 as a seconded attorney to MSREF in Japan and was appointed general counsel of MSREF's real estate asset management platform in Korea in 2001.

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

Mr Song has resigned from the Board of the Manager with effect from 1 January 2019.

OH ENG LOCK

Independent Non-Executive Director

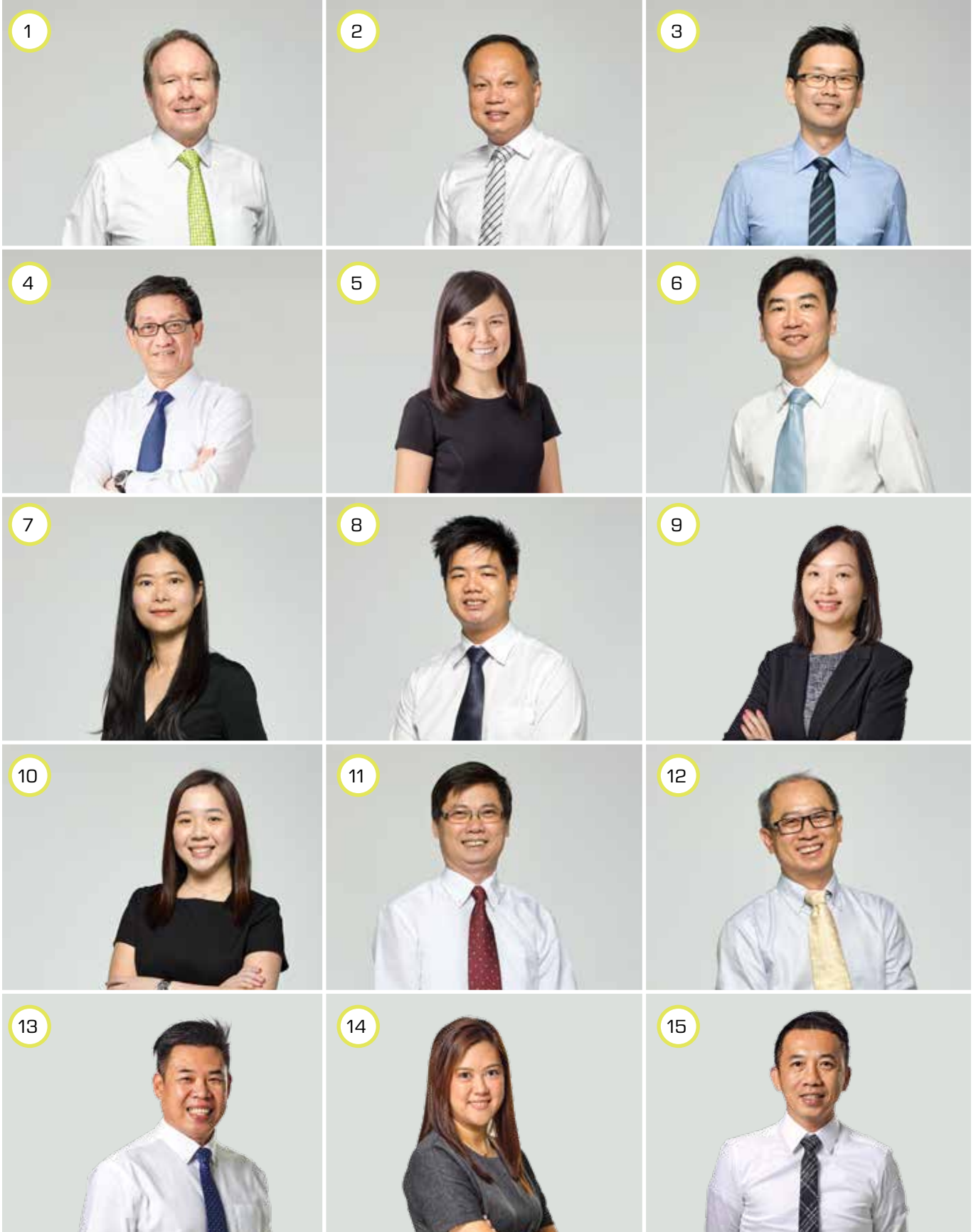
Mr Oh Eng Lock was appointed as an Independent Non-Executive Director and Member of the Audit Committee of the Manager from 15 March 2019.

Mr Oh was previously the Group CEO of BreadTalk Group Limited from 2011 to 2017 and was appointed as an Executive Director of BreadTalk Group Limited from 2017 to 2018.

Mr Oh brings with him extensive financial markets experience where he was the Regional Managing Director with Merrill Lynch Asia Pacific Ltd in Hong Kong, overseeing the North Asia businesses from 2004 to 2010. He previously held senior positions in various banking institutions including Head of China, Corporate & Commercial Banking and General Manager at United Overseas Bank from 2001 to 2003 and General Manager and Corporate Country Head - China at DBS Bank from 1997 to 2001.

Mr Oh is a fellow member of the Singapore Institute of Directors. He holds a Bachelor of Arts degree from the University of Singapore and has attended the Advanced Management Programme at Wharton Business School, University of Pennsylvania, USA.

MANAGEMENT TEAM



MANAGEMENT TEAM

THE MANAGER

ARA TRUST MANAGEMENT (CACHE) LIMITED

1

DANIEL CERF

Chief Executive Officer

Mr Daniel Cerf has more than 30 years of experience in Asia involving real estate investment, development and related management consulting services. Prior to joining the Manager, Mr Cerf was Deputy CEO of what is presently known as Keppel REIT Management Limited, the manager of Keppel REIT, from 2006 to 2009.

Mr Cerf worked with First Pacific Land in Hong Kong as Senior Development Manager and became Director and General Manager of their Singapore and Malaysia subsidiaries in 1990. Together with a group of investors, Mr Cerf acquired 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 practicing architect and holds a Bachelor of Architecture from the University of Oklahoma, USA.

2

HO JIANN CHING

Director, Head of Investment

Mr Ho Jiann Ching is responsible for developing and executing investment strategies for acquisitions and divestments. Mr Ho has over 25 years of regional experience in real estate investment, development, asset management and marketing.

Before joining the Manager, he was Business Development Director at Ayala International and Head of Transaction Review for ARCH Asian Partners Fund. Prior to that, Mr Ho was at Sembawang Properties from 1996 to 2001 involving in residential and commercial development. Mr Ho began his career in 1993 with JTC Corporation in roles associated with land allocation of strategic foreign direct investment projects and industrial land-use planning.

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

3

ROBERT WONG

Director, Finance & Operations

Mr Robert Wong heads the finance team and is responsible for the 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, mostly in the real estate fund management industry. Prior to 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.

4

HO KIN LEONG

Director, Asset Management

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

Mr Ho has over 17 years of experience in real estate investment, development and asset management. Prior to joining the Manager, he was Senior Vice President, Asset Management with MEAG Pacific Star Asset Management where he led the strategy formulation and implementation in asset enhancement initiatives, leasing, refinancing and divestment. Prior to that, he was Senior Investment Manager with Keppel Land for overseas markets. Mr Ho began his career with International Enterprise Singapore, holding business development positions in regional markets during his 11-year stint.

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

Director, Investor Relations

Ms Judy Tan is responsible for maintaining timely and transparent communications with Unitholders, the investment community and the media.

Ms Tan has over 13 years of 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 under the Finance Scholarship Programme administered by the Monetary Authority of Singapore. She holds a Bachelor of Business Administration (First Class Honours) from the National University of Singapore Business School, a Diploma in Compliance from the International Compliance Association and a Postgraduate Diploma in Statistics and Data Mining from Singapore Polytechnic.

6

DONOVAN NG

Assistant Director, Finance

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

Mr Ng has over 20 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.

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 17 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

BRIAN NG

Assistant Manager, Asset Management

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 five 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 was awarded the CFA® charter in 2017.

MANAGEMENT TEAM

9

WENDY PEK

Assistant Manager, Finance

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

Ms Pek has over 14 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.

10

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 10 years of work experience and holds a Bachelor of Commerce in Accounting and Finance from Murdoch University, Australia.

THE PROPERTY MANAGER

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CACHE PROPERTY MANAGEMENT PTE. LTD.

11

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 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.

12

DAVID WONG

Head, Finance/Lease Management

Mr David Wong is responsible for the accounting, finance and lease management 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.

13

GEORGE SEOW

Senior Manager, Property and Project Management

Mr George Seow is responsible for the property and project management as well as procurement relating to Cache's portfolio.

Mr Seow has over 19 years of experiences in building & construction and the oil & gas industries. He was actively involved in several large-scale A&A projects in the infrastructure, hospitality commercial and industrial sectors locally and overseas. Prior to that, he was previously Senior Principal Project Manager at CPG.

Mr Seow holds a Master's degree in Applied Project Management from the University of Adelaide and is a certified Green Mark Manager, Project Management Professional ("PMP") and Primavera Planner Associate. He is also a qualified construction safety manager and internal auditor for ISO standard projects.

14

DES PABUSTAN

Manager, Procurement & Property Management

Ms Des Pabustan is responsible for procurement and managing the yearly operating budget and capital expenditure.

Ms Pabustan has over 16 years of experience in property, procurement and facilities management. Prior to joining the Property Manager, Ms Pabustan worked with Jones Lang LaSalle and was responsible for managing StarHub Green, including advertising & promotion, A&A works and tenant relations. Prior to that, Ms Pabustan was a Tenant Relations Manager with Chambers International Group of Companies which manages the Central Provident Fund building, where she was responsible for addressing service gaps and working closely with its tenants.

Ms Pabustan 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.

15

ANDY LIM

Manager, Marketing & Leasing

Mr Andy Lim is a member of the Marketing & Leasing Team, responsible for marketing and leasing Cache's portfolio.

Mr Lim has over 18 years of experience in the marketing and leasing of commercial and industrial properties. Prior to joining the Property Manager, he was an Office Advisor Manager at Knight Frank Singapore where he was responsible for marketing and leasing commercial office and industrial space. Before that, he was a Marketing and Leasing Manager at Colliers International.

Mr Lim holds a Master's degree in Business Administration (Marketing) from Central Queensland University, a Bachelor's degree in Business (Property) from University of South Australia and a Diploma in Building Management from Ngee Ann Polytechnic.

INVESTOR RELATIONS

The Manager is committed towards upholding the principles of timeliness, objectivity, transparency and fairness in its communications with Unitholders and the investment community and takes a proactive approach in engaging all stakeholders.



ACTIVE ENGAGEMENT WITH INVESTORS

The senior management team of the Manager attended regular meetings, conferences calls and investor luncheons with investors throughout the year. The Manager participates in various equity and property conferences and roadshows locally and overseas. In conjunction with the release of Cache's results, results briefings and teleconference calls were also organised. Such interactions allow senior management to provide key strategic and performance updates on 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, jointly organised by Shareinvestor and the REIT Association of Singapore, as part of the ARA Group.

Cache's website (www.cache-reit.com) is regularly updated with the latest developments on the REIT, including announcements, press releases, corporate earnings results and other pertinent information.

The Annual General Meeting ("AGM") is an important channel for communication between the board of directors, the management of the Manager and unitholders of Cache ("Unitholders"). The eighth AGM, which was convened on 23 April 2018, was well-attended by over 300 Unitholders and Unitholder proxies. The AGM provided a good platform for the Board of Directors and senior management of the Manager to actively engage retail investors in their enquiries and discussions about Cache. The voting for all the AGM resolutions was conducted via electronic polls and all resolutions were duly passed.



INDUSTRY RECOGNITION

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.

COVERAGE BY EQUITY RESEARCH HOUSES

There are currently 9 equity research houses which provide research coverage on Cache:

- 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)

UNITHOLDER ENQUIRIES

For more information on Cache, please contact the Manager via:

Judy Tan

Director, Investor Relations

Tel: (65) 6512 5161

Email: cache-enquiry@ara-group.com / judytan@ara-group.com



STRENGTHENING OUR RESILIENCE

Through its Portfolio Rebalancing and Growth Strategy, Cache will continue to strengthen the quality of its portfolio and enhance the resiliency of its performance over time.

95.0%

Portfolio Occupancy



26

Number of Properties



OPERATIONS AND FINANCIAL REVIEW

PORTFOLIO OVERVIEW

As at 31 December 2018, Cache's portfolio comprised 26 logistics warehouse properties measuring over 8.6 million square feet strategically located in established logistics clusters in Singapore and Australia.

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, benefitting by way of proximity to the sea ports and at least half of the container yards in Singapore.

In Australia, Cache owns and manages a portfolio of 16 logistics warehouses which are well-located in established industrial precincts in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide.

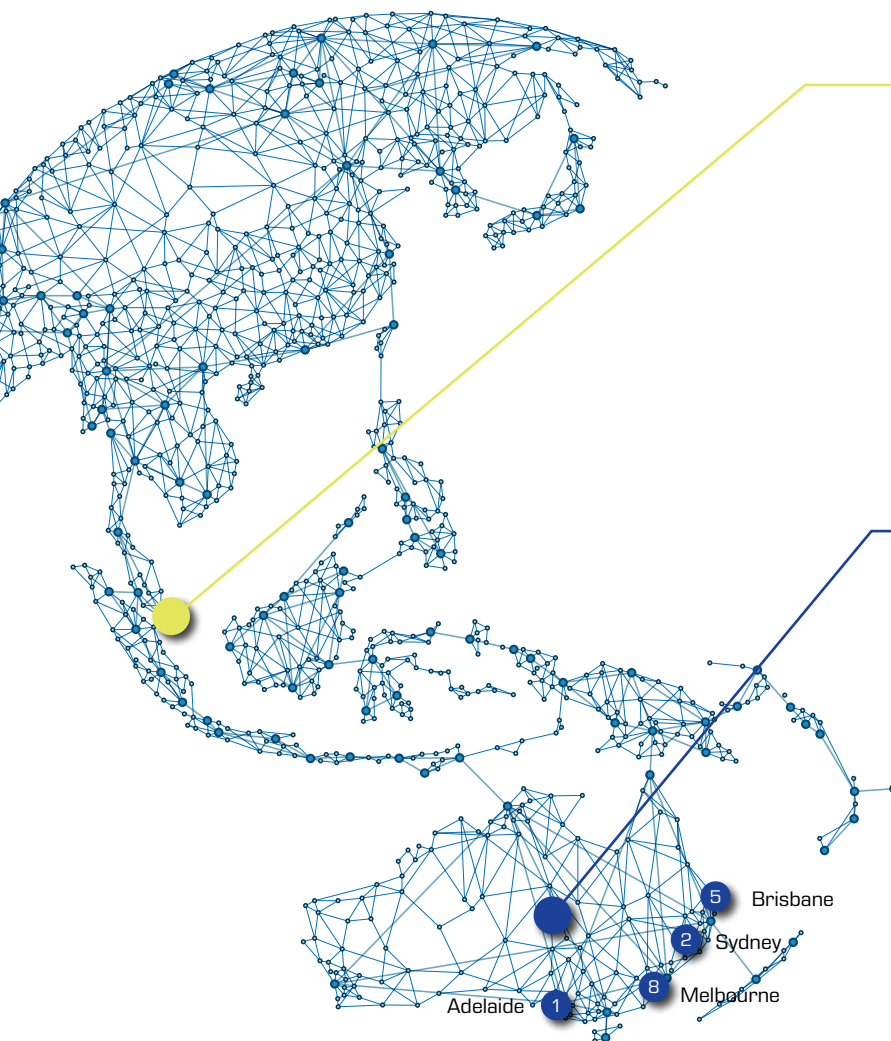
Cache's portfolio serves a diverse group of multi-national third-party logistics providers which provide multiple logistics services such as transportation, warehousing, inventory management, packaging and freight forwarding, as well as high-quality businesses.

	As at 31 December 2016²	As at 31 December 2017¹	As at 31 December 2018
Number of Properties	<u>19 Properties</u> 12 in Singapore 6 in Australia 1 in China, Shanghai	<u>19 Properties</u> 11 in Singapore 7 in Australia 1 in China, Shanghai	<u>26 Properties</u> 10 in Singapore 16 in Australia
Portfolio Value	S\$1,236.4 million	S\$1,206.9 million	S\$1,269.0 million
Gross Floor Area	7.51 million square feet	7.55 million square feet	8.63 million square feet
Average Building Age	11.0 years	12.2 years	14.2 years
Number of Tenants	38	41	66
Tenant Trade Sector	100.0% Logistics and Warehousing	100.0% Logistics and Warehousing	100.0% Logistics and Warehousing
Portfolio Committed Occupancy	96.4%	96.6%	95.0%
Property Features	10 properties – Ramp-up 2 properties – Cargo Lift 7 properties – Single Storey	9 properties – Ramp-up 2 properties – Cargo Lift 8 properties – Single Storey	8 properties – Ramp-up 2 properties – Cargo Lift 16 properties – Single Storey

Notes:

¹ Includes Hi-Speed Logistics Centre which was divested on 18 May 2018.

² Includes Cache Changi Districentre 3 which was divested on 23 January 2017.



SINGAPORE

1. CWT Commodity Hub
2. Cache Cold Centre
3. Pandan Logistics Hub
4. Precise Two
5. Schenker Megahub
6. Cache Changi Districentre 1
7. Cache Changi Districentre 2
8. Pan Asia Logistics Centre
9. Air Market Logistics Centre
10. DHL Supply Chain Advanced Regional Centre

AUSTRALIA

11. 51 Musgrave Road, Coopers Plains, QLD
12. 196 Viking Drive, Wacol, QLD
13. 203 Viking Drive, Wacol, QLD
14. 223 Viking Drive, Wacol, QLD
15. 11-19 Kellar Street, Berrinba, QLD
16. 127 Orchard Road, Chester Hill, NSW
17. 3 Sanitarium Drive, Berkeley Vale, NSW
18. 16 – 28 Transport Drive, Somerton, VIC
19. 217 – 225 Boundary Road, Laverton North, VIC
20. 16 – 24 William Angliss Drive, Laverton North, VIC
21. 151 – 155 Woodlands Drive, Braeside, VIC
22. 41 – 51 Mills Road, Braeside, VIC
23. 67 – 93 National Boulevard, Campbellfield, VIC
24. 41 – 45 Hydrive Close, Dandenong South, VIC
25. 76 – 90 Link Drive, Campbellfield, VIC
26. 404 – 450 Findon Road, Kidman Park, SA

ACQUISITION OF A NINE-PROPERTY WAREHOUSE PORTFOLIO IN AUSTRALIA

On 15 February 2018, Cache completed the acquisition of a nine-property, 1.5 million square feet portfolio in Australia for A\$177.6 million from Gallant Australian Sub TC Pty Ltd and Gallop Australian Sub TC Pty Ltd. The portfolio, comprising institutional grade modern industrial logistics properties, is located on freehold land in key established industrial precincts along the Eastern Seaboard of Australia and enjoy close proximity to main arterial roadways and transport infrastructure. The portfolio was valued using the capitalisation and discounted cashflow approaches at A\$177.6 million as at 27 December 2017.

The portfolio acquisition not only provides additional income and geographical diversification but also strengthens the existing Cache portfolio by way of a longer WALE as well as a diverse base of quality tenants and end-users. With annual rental escalations of between 2.5% and 4.0%, which is generally higher than leases in Singapore, the acquisition also provides the benefit of organic income growth over time. In addition, as the tenants are responsible for all property outgoings, minimal maintenance demand is required of Cache.

OPERATIONS AND FINANCIAL REVIEW

PORTFOLIO REBALANCING & GROWTH STRATEGY

As part of its Portfolio Rebalancing and Growth Strategy, Cache has been increasingly diversifying its portfolio through disciplined acquisitions of freehold assets and divesting lesser-performing properties.

In FY2015, Cache acquired six high-quality logistics warehouses in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide. It further acquired a logistics warehouse in Laverton North, Victoria in March 2017. As mentioned in the preceding section, Cache acquired a nine-property portfolio in Australia in February 2018, bringing the total number of properties in Australia to 16.

Australia is a target investment destination for Cache as the properties are located on a freehold land tenure and tenant commitment is predominantly longer than in Singapore. In addition, the Australia portfolio provides the benefits of income and geographical diversification. As at 31 December 2018, the Australia portfolio made up 37.2% of portfolio GFA and 28.6% of portfolio valuation.

Divestments of Hi-Speed Logistics Centre and Jinshan Chemical Warehouse

In line with the Manager's strategy to rebalance the portfolio and recycle capital into higher performing assets, Cache successfully divested Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore for S\$73.8 million to AP SG 16 Pte. Ltd. on 18 May 2018. The sale price represents an approximate 7.0% gain over the valuation of the property as at 31 December 2017 based on the capitalisation and discounted cashflow approaches.

On 31 December 2018, Cache divested Jinshan Chemical Warehouse located at Jinshan District, Shanghai in China for RMB87.0 million (approximately S\$17.8 million) to Zhejiang Yongtai Logistics Co., Ltd. Acquired in June 2011 for RMB71.0 million, the property was last valued at RMB77.3 million as at 15 August 2018 based on the capitalisation and discounted cashflow approaches. The sale consideration of RMB87.0 million represents a 22.5% premium over the original purchase price.

The acquisitions and divestments over the past few years demonstrate the success of Cache's Portfolio Rebalancing and Growth Strategy where capital was recycled from lesser-performing assets into good quality, income-producing freehold assets in Australia to generate stable, long-term sustainable earnings for Unitholders.

PROPERTY VALUATION

Cache's portfolio was valued at S\$1,269.0 million as at 31 December 2018, an increase of S\$62.1 million or 5.1% over the total value of investment properties as at 31 December 2017. The increase was attributable to an enlarged portfolio in Australia as a result of the nine-property portfolio acquisition in February 2018. This is despite the divestment of two properties during the financial year, namely Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore and Jinshan Chemical Warehouse in Shanghai, China.

Excluding Hi-Speed Logistics Centre which was divested in May 2018, the Singapore portfolio valuation fell marginally by 1.3% y-o-y to S\$905.8 million. The lower appraised values for the Singapore properties¹ were due to a combination of lower market rental assumptions and shorter balance land tenure.

Conversely, the Australia portfolio recorded a valuation of A\$378.4 million as at 31 December 2018, an overall increase of 1.3% y-o-y in Australian dollar terms². However, due to the weaker Australian dollar, the Australia portfolio valuation fell by 7.0% y-o-y in Singapore dollar terms. 11 - 19 Kellar Street, Berrinba, Queensland was the only warehouse asset which experienced a marginal drop in valuation of approximately 1.2% due to a shorter tenant lease tenure.

LEASE EXPIRY PROFILE

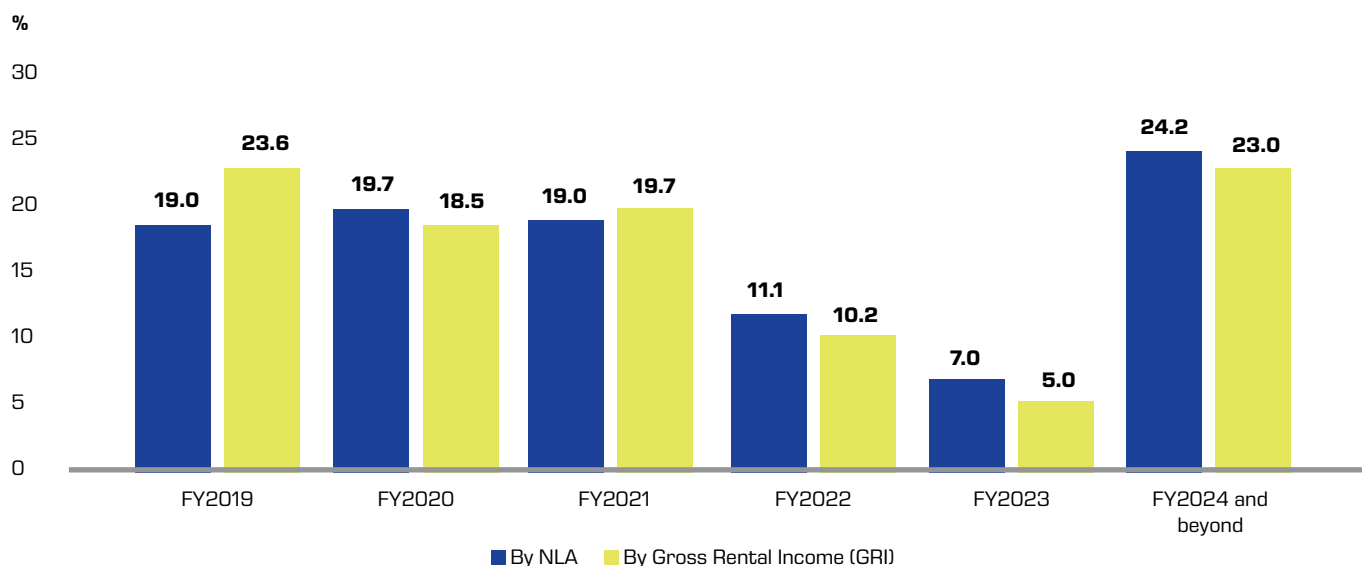
The portfolio lease expiry profile from FY2019 to FY2024 and beyond, and the lease expiry by property in FY2019 are presented below. Cache's quality portfolio is underpinned by a relatively long WALE and a well-staggered lease expiry profile. The leases due over the next two years in FY2019 and FY2020 account for approximately 23.6% and 18.5% of Cache's Gross Rental Income respectively. More than half of all leases are committed till 2021 and beyond.

Note:

¹ Save for Cache Cold Centre, Schenker Megahub, Cache Changi District Centre 1 and DHL Supply Chain Advanced Regional Centre, the Singapore properties experienced a drop in valuation from FY2017 to FY2018. Please see pages 108-112 for further details on the properties which had a diminution in valuations.

² Comparison for the nine-property Australia portfolio acquired in February 2018 was based on its purchase consideration at an exchange rate of S\$1.00 = A\$ 0.9547.

Portfolio Lease Expiry Profile



	FY2019	FY2020	FY 2021	FY 2022	FY2023	FY2024 and beyond	Total
Number of leases expiring	26	15	19	10	5	10	83
Total NLA of expiring leases (square feet)	1,514,667	1,564,643	1,512,559	887,205	557,384	1,925,817	7,962,275

The table below provides the lease expiries in FY2019 (as at 31 December 2018):

Property	Number of leases expiring	Area of expiring leases (square feet)	Area of expiring leases as % of the property's leased area	Expiring leases as % of the property's GRI
Commodity Hub	8	618,525	32.8	36.7
Cache Cold Centre	7	145,483	54.9	53.2
Cache Changi Districentre 1	1	60,930	17.6	16.6
Pandan Logistics Hub	3	108,635	39.0	46.4
Precise Two	1	238,132	83.7	83.7
51 Musgrave Road, Coopers Plains	3	67,652	72.3	70.8
41 – 51 Mills Road, Braeside	2	195,528	58.9	57.6
11 – 19 Kellar Street, Berrinba	1	79,783	100.0	100.0
Portfolio Total	26	1,514,668	19.0	23.6

OPERATIONS AND FINANCIAL REVIEW

As at 31 December 2018, the WALE of Cache's portfolio stood at 3.2 years by NLA and 3.1 years by GRI. The WALE of new leases, based on the date of commencement of

the leases, was 2.8 years, and these leases account for approximately 22.2% of the total leases by GRI.

	Singapore	Australia	Portfolio
WALE by NLA (years)	2.8	3.9	3.2
WALE by GRI (years)	2.9	4.1	3.1

PORTFOLIO OCCUPANCY

With a proactive lease management strategy, Cache maintained a strong portfolio committed occupancy of 95.0% as at 31 December 2018. The Singapore portfolio's

committed occupancy of 92.5% compares favourably with the Singapore industrial warehouse average occupancy rate of approximately 89.5% in the final quarter of 2018.

	Singapore	Australia	Portfolio
Portfolio Committed Occupancy (%)	92.5	99.2	95.0

Leases secured in FY2018

A total of 33 leases were secured in FY2018, totalling approximately 1,341,323 square feet or 15.5% of Cache's total NLA. This included approximately 908,700 square

feet of renewals and 432,600 square feet of new leases signed during the year. The tenant/end-user retention rate was approximately 74.1%.

Property	Number of leases secured	Total area of secured leases (square feet)
CWT Commodity Hub	12	574,844
Cache Cold Centre	5	99,885
Hi-Speed Logistics Centre	1	4,000
Cache Changi Districentre 1	4	317,103
Cache Changi Districentre 2	2	42,653
Air Market Logistics Centre	1	67,564
Pandan Logistics Hub	3	117,000
Precise Two	1	46,252
51 Musgrave Road, Coopers Plains, Queensland, Australia	4	72,022
Total	33	1,341,323

INCOME AND GEOGRAPHICAL DIVERSIFICATION

Approximately 24.3% of FY2018 Gross Revenue was derived from properties located outside of Singapore¹.

The current single-tenant (previously referred to as master lease) agreements in Singapore are structured with predominantly single-net and triple-net rental structures with built-in rental escalations of between 1.0% and 2.0% per annum over the lease term. For the

Australia portfolio, the single-tenant leases come with built-in annual rental escalations of between 2.5% and 4.0%, or tied to yearly percentage change in the local Consumer Price Index.

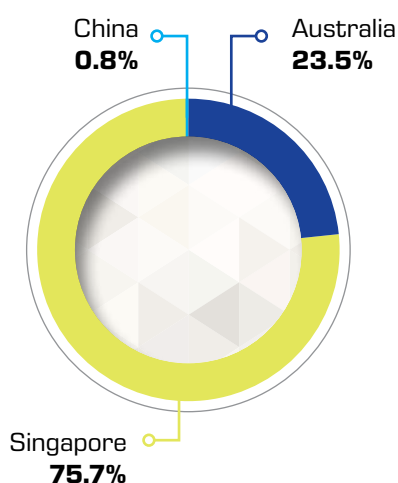
Multi-tenant properties contributed 67.0% of FY2018 GRI while single-tenant properties contributed to the remaining 33.0%.

Note:

¹ Includes revenue contribution from Jinshan Chemical Warehouse in Shanghai, China which was divested in December 2018.

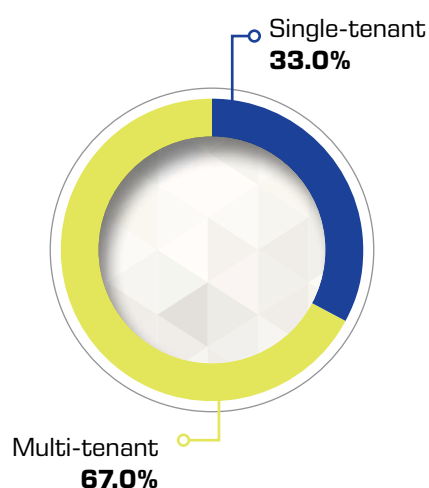
Geographical/Income Diversification

(by Gross Revenue)



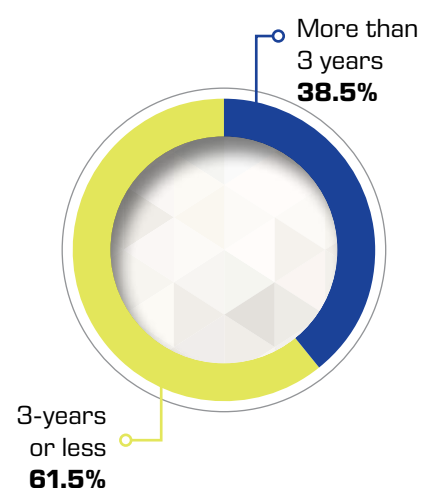
Lease Structures

(by GRI)



Lease Terms

(by GRI)



TENANT/ END-USER DIVERSIFICATION

Cache's diversified and high-quality tenant and end-user base spans across various industry/trade sectors such as industrial and consumer goods, food and cold storage, materials, engineering and construction, healthcare, automotive, aerospace and e-Commerce. The diverse

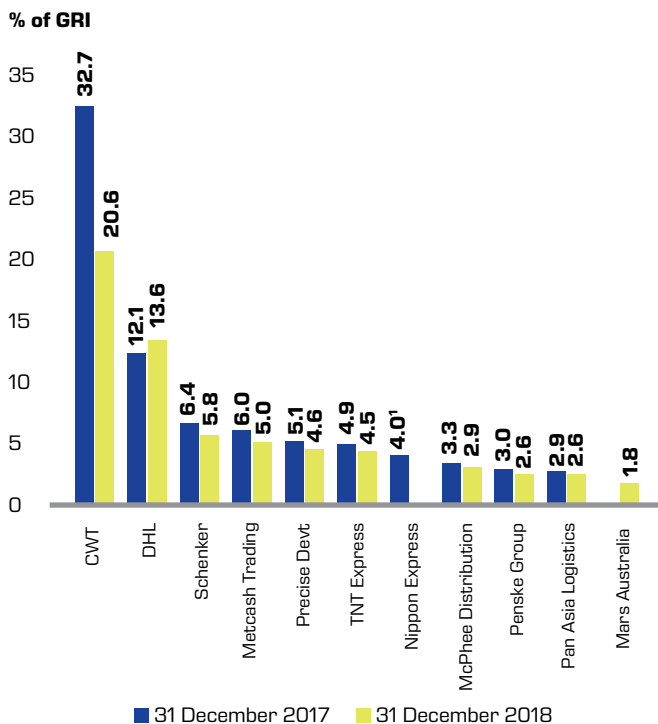
customer base underpins its cash flows and the stability of its operational performance. This diversification across trade sectors also enables Cache to mitigate its concentration risk from any single tenant.

	Industry/ Trade Sectors	% of NLA	% of GRI
1	Industrial & Consumer Goods	76.3	74.0
2	Food and Cold Storage	13.9	15.4
3	Healthcare/ BioPharmaceuticals	1.2	1.3
4	Aerospace	2.2	1.7
5	Automotive	2.7	2.7
6	Information Technology	1.1	1.4
7	Materials, Engineering, Construction	0.2	0.3
8	e-Commerce	0.7	0.8
9	Others	1.7	2.4

The rental obligations of its tenants, which are supported by security deposits in the form of cash or bank/corporate guarantees, averaged 5.0 months in FY2018.

OPERATIONS AND FINANCIAL REVIEW

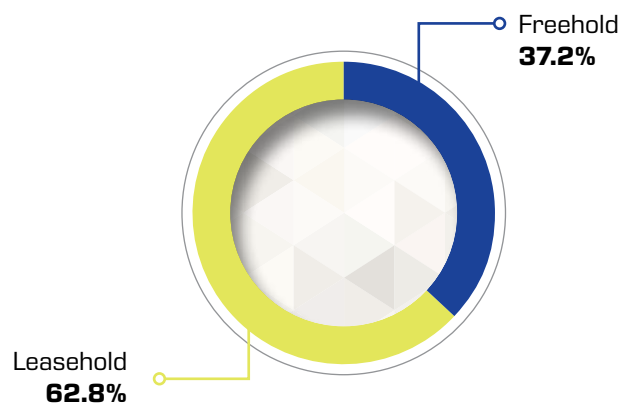
TOP 10 TENANTS BY GRI



FREEHOLD/ LEASEHOLD ASSETS

Properties located on freehold land accounted for approximately 37.2% of the portfolio GFA. The weighted average unexpired land lease tenure as at 31 December 2018 was 52.9 years². Excluding freehold land, the weighted average unexpired lease term for underlying leasehold land (by GFA) was approximately 25.6 years.

Freehold/ Leasehold Properties (by GFA)



No.	Property Name/ Address	Property Feature	Acquisition Date	Valuation (S\$ million) ³	GFA (square feet)	FY2018 Gross Revenue (S\$ million)
1	CWT Commodity Hub 24 Penjuru Road	Ramp-up	12 April 2010	307.3	2,295,927	33.6
2	Cache Cold Centre 2 Fishery Port Road	Ramp-up	12 April 2010	130.2	344,681	11.0
3	Schenker Megahub 51 Alps Avenue	Ramp-up	12 April 2010	82.6	439,956	6.5
4	Cache Changi Districentre 1 5 Changi South Lane	Ramp-up	12 April 2010	95.8	364,361	8.2
5	Cache Changi Districentre 2 3 Changi South Street 3	Cargo lift	12 April 2010	15.9	111,359	0.6
6	Air Market Logistics Centre 22 Loyang Lane	Cargo lift	19 August 2011	11.4	67,564	1.0
7	Pan Asia Logistics Centre 21 Changi North Way	Ramp-up	30 April 2012	34.6	196,990	3.2
8	Pandan Logistics Hub 49 Pandan Road	Ramp-up	3 July 2012	43.3	329,112	4.9
9	Precise Two 15 Gul Way	Ramp-up	1 April 2013	33.4	284,384	5.4
10	DHL Supply Chain Advanced Regional Centre 1 Greenwich Drive	Ramp-up	8 July 2015 ⁴	151.3	989,260	16.1
10 properties in Singapore				S\$905.8	5,423,594	S\$91.9⁵

Notes:

¹ Nippon Express was a tenant at Hi-Speed Logistics Centre located at 40 Alps Avenue, Singapore. The property was divested on 18 May 2018.

² For the purpose of presentation, freehold properties are computed using a 99-year leasehold tenure.

³ Based on the annual independent valuations undertaken by Edmund Tie & Company (SEA) Pte Ltd, as at 31 December 2018.

⁴ Temporary Occupation Permit (T.O.P.) date.

⁵ This includes Gross Revenue attributable to Hi-Speed Logistics Centre which was divested on 18 May 2018.

No.	Property Name/ Address	Property Feature	Acquisition Date	Valuation (A\$ million) ¹	GFA (square feet)	FY2018 Gross Revenue (S\$ million)
11	127 Orchard Road, Chester Hill, New South Wales	Single-storey	27 February 2015	44.25	278,034	3.4
12	16-28 Transport Drive, Somerton, Victoria	Single-storey	27 February 2015	25.5	229,047	2.1
13	51 Musgrave Road, Coopers Plains, Queensland	Single-storey	27 February 2015	8.4	102,172	0.5
14	203 Viking Drive, Wacol, Queensland	Single-storey	23 October 2015	29.0	143,839	2.3
15	223 Viking Drive, Wacol, Queensland	Single-storey	4 December 2015	11.5	67,555	0.9
16	404-450 Findon Road, Kidman Park, South Australia	Single-storey	18 December 2015	59.0	632,869	6.5
17	217 – 225 Boundary Road, Laverton Road, Laverton North, Victoria	Single-storey	22 March 2017	22.8	223,062	1.9
18	11-19 Kellar Street, Berrinba, Queensland	Single-storey	15 February 2018	12.05	79,783	0.8
19	3 Sanitarium Drive, Berkeley Vale, New South Wales	Single-storey	15 February 2018	34.0	298,830	1.9
20	67-93 National Boulevard, Campbellfield, Victoria	Single-storey	15 February 2018	28.0	243,350	1.5
21	41-51 Mills Road, Braeside, Victoria	Single-storey	15 February 2018	29.5	349,216	2.0
22	41-45 Hydrive Close, Dandenong, Victoria	Single-storey	15 February 2018	11.9	93,858	0.8
23	76-90 Link Drive, Campbellfield, Victoria	Single-storey	15 February 2018	12.6	112,384	0.7
24	196 Viking Drive, Wacol, Queensland	Single-storey	15 February 2018	15.2	61,452	1.0
25	16-24 William Angliss Drive, Laverton North, Victoria	Single-storey	15 February 2018	18.7	175,714	1.2
26	151-155 Woodlands Drive, Braeside, Victoria	Single-storey	15 February 2018	16.0	119,203	1.1
16 properties in Australia				A\$378.4	3,210,368	S\$28.6
26 properties in total²				S\$1,269.0³	8,633,963	S\$121.5

Notes:

¹ Based on the annual independent valuations undertaken by CIVAS (VIC) Pty Limited and m3property (Vic) Pty Ltd as at 31 December 2018.

² Cache has a 100% interest in all its investment properties.

³ The exchange rate used is A\$1.00 = S\$0.9599.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	FY2017 S\$'000	FY2018 S\$'000	Change %
Gross Revenue	111,960	121,540	8.6
Property Expenses	(24,669)	(30,616)	24.1
Net Property Income	87,291	90,924	4.2
Distributable Income	66,015	63,409	(3.9)
- From Operations	64,403	62,241	(3.4)
- From Capital	1,612	1,168	(27.5)
Distribution Per Unit (in Singapore cents)¹	6.583	5.903	(10.3)
- From Operations	6.418	5.794	(9.7)
- From Capital	0.165	0.109	(33.9)

Cache achieved gross revenue of S\$121.5 million for the financial period from 1 January 2018 to 31 December 2018 ("FY2018"). The increase in revenue was mainly attributable to incremental contribution from the nine-property Australia portfolio acquired in February 2018 and a higher contribution from DHL Supply Chain Advanced Regional Centre in Singapore, offset by lower contribution from 51 Alps Avenue, Singapore and Hi-Speed Logistics Centre which was divested in May 2018.

NPI rose by 4.2% to S\$90.9 million over the corresponding period last year. The increase was driven by a strong 60.9% growth in NPI from the Australia portfolio offset by a drop of 7.7% in NPI contribution from Singapore.

FY2018 property expenses totalled S\$30.6 million, an increase of S\$5.9 million, or 24.1% year-on-year ("y-o-y"). The increase was mainly due to higher expenses from land rent, property tax, property maintenance, lease commission and other property expenses arising from the conversion of Commodity Hub from a single-tenant lease triple-net rent structure to multi-tenant rent structure during the year as well as higher expenses from an enlarged Australia portfolio which increased from 7 to 16 properties.

Net financing costs for the full year ended 31 December 2018 were S\$18.4 million, 1.1% lower than last financial year. The decrease was mainly due to the partial repayment of two Singapore dollar term loans totalling S\$163.4 million with proceeds from the Rights Issue in

October 2017² and divestment proceeds from Hi-Speed Logistics Centre. The cost savings was partially offset by a new S\$110.0 million term loan arranged and drawn down to finance the acquisition of a nine-property portfolio in Australia in February 2018.

FY2018 Distributable Income was S\$63.4 million, a decrease of S\$2.6 million, or 3.9% lower than last financial year due to a lower NPI contribution from Singapore portfolio and a withholding tax of S\$0.8 million from the divestment of Jinshan Chemical Warehouse in China. In addition, a retention sum of S\$2.7 million³ relating to the unresolved tax matter at 51 Alps Avenue, Singapore, net of relevant expenses, has been accumulated in FY2018.

Excluding the effects of capital distributions, which amounted to S\$1.6 million in FY2017 and S\$0.4 million in 2Q FY2018 (attributable to the proceeds from the disposal of Kim Heng warehouse), and including the reimbursement of outstanding lease incentives from certain Australia properties (paid in the form of capital), the Distributable Income would have decreased by a lower 2.2% y-o-y, as compared to 3.9%.

DPU fell by 10.3% to 5.903 cents. Excluding the effects of the capital distributions, the DPU would have fallen by a lower 8.6% y-o-y on a like-for-like basis.

Cache currently distributes 100.0% of its taxable and tax-exempt income.

Notes:

¹ Excluding the effects of the Rights Issue, the actual DPU received was 6.738 cents in FY2017.

² Cache undertook a successful renounceable Rights Issue ("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.

³ 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 Avenue, Singapore lease dispute. A sum of S\$2.7 million has been retained to-date, pending resolution of the appropriate tax treatment with the tax authorities.

BALANCE SHEET

	FY2017 S\$'000	FY2018 S\$'000
Investment Properties	1,206,913 ¹	1,269,026
Total Assets	1,228,951	1,309,694
Debt, at amortised cost	(444,663)	(470,180)
Total Liabilities	(463,283)	(494,990)
Net Assets Attributable to Unitholders	765,668	713,157
Net Assets Attributable to Perpetual Security holders	-	101,547
Net Asset Value ("NAV") per Unit	0.72³	0.66²

TOTAL ASSETS AND NAV

The total assets of Cache increased by 6.6%, or S\$80.7 million, to S\$1.31 billion as at 31 December 2018. The increase was mainly due to an increase in investment properties which were valued at S\$1,269.0 million as at 31 December 2018 (31 December 2017: S\$1,206.9 million).

Net assets attributable to Unitholders fell by 6.9% to S\$713.2 million as at 31 December 2018 (31 December 2017: S\$765.7 million) mainly due to a lower year-end valuation of the investment properties and the impact of a weaker Australian dollar. The NAV of Cache was \$0.66 per Unit as at 31 December 2018.

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 funding needs, cash flows, debt maturity profile and hedging profile.

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 various markets where it has a presence. This facilitates Cache's ability to access different capital resources efficiently.

In 1Q FY2018, Cache repaid a secured A\$14.0 million term loan using internal funds. In 4Q FY2018, Cache successfully refinanced part of its Singapore dollar borrowings into a new 5.5-year S\$265.0 million unsecured debt facility comprising a S\$200.0 million term loan and a committed revolving credit facility of S\$65.0 million. With this new loan, Cache further repaid an unsecured A\$16.0 million term loan. The refinancing exercise brings about the benefits of unencumbering all of Cache's Singapore assets and extending its debt maturity profile. Post refinancing, 84.3% of Cache's total borrowings are unsecured and the Singapore portfolio is entirely unencumbered. Cache also enjoys an extended average debt maturity of 3.9 years as at 31 December 2018. In FY2018, Cache did not undertake any equity fund raising.

As an added financial flexibility, Cache has established a S\$1.0 billion multi-currency debt issuance programme since November 2017. With the programme in place, Cache subsequently issued S\$100.0 million 5.5% subordinated perpetual securities in 1Q FY2018. 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 nine-property warehouse portfolio in Australia.

Cache's total debt stood at S\$474.7 million as at 31 December 2018, comprising S\$400.0 million in unsecured bank borrowings and A\$77.8 million (S\$74.7 million) in secured bank borrowings. Approximately S\$28.1 million (5.9% of total borrowings) will mature in the next 12 months.

	Type	Capacity (S\$ million)	Amount Utilised (S\$ million)	% Utilised
Revolving Credit Facility	Unsecured	65.0	-	0%
Bank Borrowings	Secured	74.7	74.7	100%
Bank Borrowings	Unsecured	400.0	400.0	100%

Notes:

¹ Includes Hi-Speed Logistics Centre which was classified as "Asset Held for Sale".

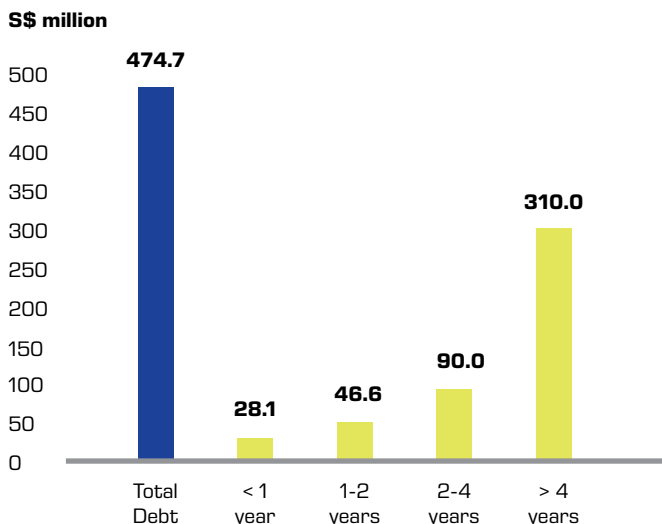
² Based on 1,077,881,375 units.

³ Based on 1,069,700,408 units.

OPERATIONS AND FINANCIAL REVIEW

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2018

Maturity Date	S\$'000	% of total borrowings
Due in 2019	28,125 ¹	5.9
Due in 2020	46,555 ¹	9.8
Due in 2021	90,000	19.0
Due in 2023	110,000	23.2
Due in 2024	200,000	42.1
	474,680	100.0%



AGGREGATE LEVERAGE

As at 31 December 2018, the aggregate leverage ratio was 36.2% (31 December 2017: 36.3%) and the interest cover ratio remained healthy at 3.9 times (31 December 2017: 4.2 times). The weighted average debt maturity was 3.9 years as at 31 December 2018 (31 December 2017: 2.0 years).

HEDGING PROFILE

Cache maintains a relatively strong hedging profile to mitigate the impact of interest rate fluctuations on its distribution income. Approximately 75.2% of Cache's total borrowings has been hedged into fixed rates as at 31 December 2018. Close to 80.0% 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 0.60% (31 December 2017: 0.26%) 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. About 88.2% of Cache's distributable income has been hedged into or was derived in Singapore dollars, representing minimal exposure to foreign currency risk. As at 31 December 2018, the Australian dollar borrowings amounted to approximately 20.6% of the Australia portfolio value. Cache will continue to keep a close watch on the foreign exchange and interest rate markets to minimise foreign currency and interest rate risks.

CORPORATE LIQUIDITY AND CAPITAL RESOURCES

Financial Year Ended 31 December	FY2017 (S\$ million)	FY2018 (S\$ million)
Financial Resources and Liquidity		
Total borrowings ¹	446.7	474.7
Undrawn Revolving Credit Facility ("RCF")	65.0	65.0
Cash and cash equivalents	15.0	33.3
Total available undrawn RCF and cash	80.0	98.3
Weighted average debt maturity	2.0 years	3.9 years
Aggregate Leverage Ratio	36.3%	36.2%
Average All-in Cost of Financing	3.56%	3.71%
Interest Cover Ratio	4.2 times	3.9 times

Note:

¹ Australian dollar borrowings are based on an exchange rate of S\$1.00 = A\$1.0418.

RISK MANAGEMENT

The Manager recognises that effective and proactive risk management is an important part of Cache's business strategy. The Board and Audit Committee ("AC") are responsible for ensuring that the Manager establishes robust risk management policies and procedures to safeguard Cache's assets and address its strategic enterprise, operational, financial and compliance risks.

Cache's enterprise risk management framework (the "ERM Framework") is adapted from The Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Model"). The COSO Model is designed 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.

The Manager applies the ERM Framework as a structured process in making risk based strategies and decisions across respective functions; identifying potential issues and events that may affect Cache; managing risks to an acceptable level and within risk appetite as approved by the Board and AC; and providing assurance to the Board that the system of risk management and internal controls are adequate and effective in mitigating the identified risks.

In its ERM Framework, key risks and mitigating controls are identified and monitored in the risk profile and reviewed by the Manager and the AC on a regular basis. 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 or tolerance approved by the Board. In addition, the internal auditors perform a review of the risk profile as part of the internal audit plan approved by the AC, providing additional assurance to the AC on the adequacy and effectiveness of the internal control system.

KEY RISKS & MITIGATING ACTIONS IN FY2018

Operational Risk: 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 relevance and effectiveness of its operational activities. In addition, compliance is reinforced by staff training and regular checks by the internal auditors.

A Business Continuity Plan ("BCP") 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. Compliance is further reinforced by staff training and regular audit. The outsourced Information Technology ("IT") team from the Manager's parent company ARA has in place a disaster recovery plan which is reviewed and tested periodically.

Leasing Risk: The Manager employs a good mix of 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 closing with its property managers to address lease expiries and providing custom-made real estate logistics solutions to existing and prospective tenants.

Strategic 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, taking into account the existing economic and financial market conditions.

Asset enhancement, development and/or redevelopment initiatives are initiated when necessary to ensure that Cache's properties remain relevant and competitive. In managing development risks, the Manager has in place robust tender assessment and selection process as well as regular project control meetings to monitor and track development milestones and project budgets.

RISK MANAGEMENT

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 ensures that funding sources are diversified and maturity profile of borrowings is well spread. Borrowings are refinanced early, where possible, to reduce refinancing risk and lengthen debt maturity. The Manager also adheres closely to the bank covenants in loan agreements and the property fund guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "MAS").

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, considering cost, tax and other applicable considerations. To mitigate foreign exchange risk, a significant portion of the net earnings received from its overseas portfolio are hedged with forward contracts 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, on an ongoing basis, tenant credit and arrears are closely monitored by the Manager. 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 of Corporate Governance, the Code on Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager, being a Capital Market Services Licence holder, is required to comply with the conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the Securities and Futures Act. Any changes to these regulations may affect Cache's operations. Cache has put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations. The Manager works closely with external legal professionals and internal compliance support from the ARA on legal and regulatory matters. The Manager stays well informed of the latest developments in the relevant laws and regulations through training and attending relevant seminars.

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 enhance staff progression and retention in a conducive workplace.

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

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

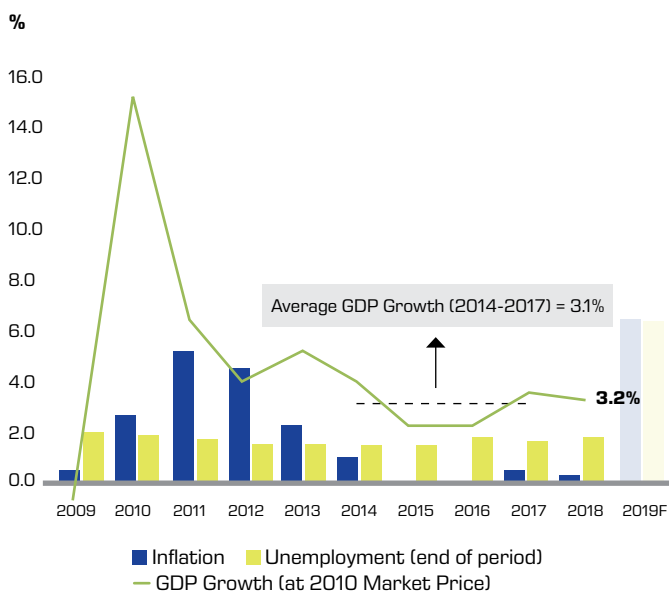
By Edmund Tie & Company (SEA) Pte Ltd

1 ECONOMIC OVERVIEW

Economic growth slowed down to 3.2% in 2018

Singapore's GDP grew 3.2% year-on-year ("y-o-y") in 2018, within the Ministry of Trade and Industry's initial forecast of 3.0% and 3.5% for the year. In comparison, average GDP growth from 2014 to 2017 was about 3.1% y-o-y (Figure 1).

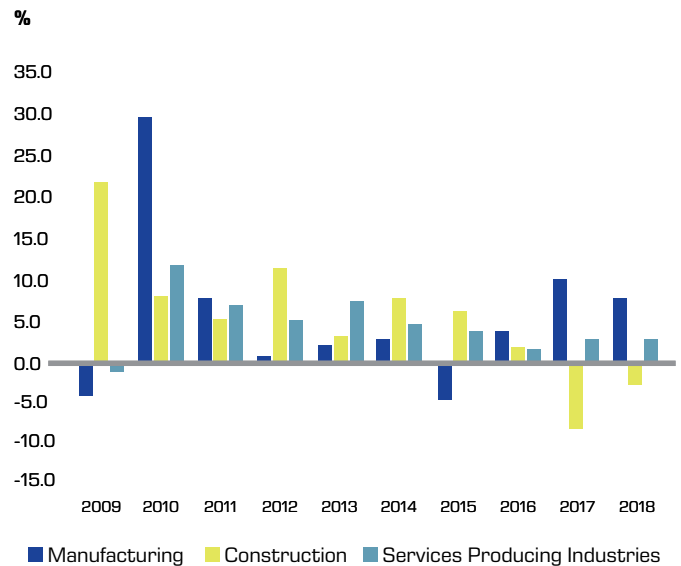
Figure 1: Annual GDP Growth, Inflation and Unemployment



Source: The Ministry of Trade and Industry, Singstats, Edmund Tie & Company

Performance of the manufacturing sector, mainly supported by the electronics, biomedical manufacturing and transport engineering clusters (Figure 2), declined from a double-digit growth in 2017 to 7.5% y-o-y in 2018, likely due to the dwindling global semiconductor market and US-China trade wars. The services producing industries saw sustained growth (2.8% y-o-y), largely supported by the transportation & storage and finance & insurance industries. While the wholesale & retail sub-sector continued to be lacklustre (1.2% quarter-on-quarter)¹, the construction sector contracted by 3.4% y-o-y, weighed down by weakness in public sector construction activities.

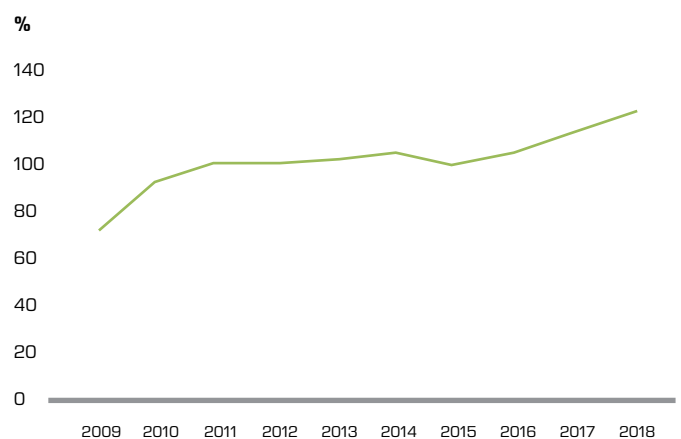
Figure 2: Real GDP Growth at 2010 Market Prices (y-o-y Change)



Source: The Ministry of Trade and Industry, Singstats, Edmund Tie & Company

The Index of Industrial Production, an indicator for manufacturing output, increased by 7.2% in 2018, following the steady increase since 2016 (Figure 3). Besides the positive effects of Industrial 4.0, the Electronics and Precision Engineering clusters continued to be the main drivers of growth. The Transport Engineering cluster index also improved by 14.4%, the highest among the clusters after Electronics (8.1%).

Figure 3: Index of Industrial Production



Source: Singstats, Edmund Tie & Company

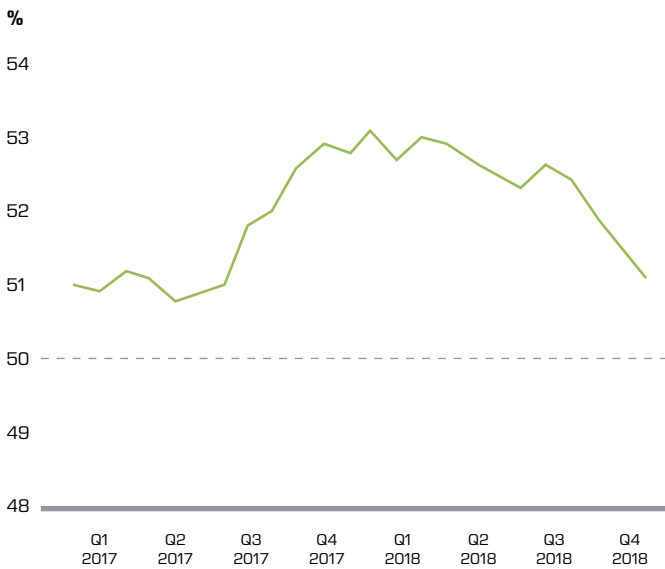
Note:

¹ Q1 to Q3 2018 average quarter-on-quarter growth.

SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

The Purchasing Manager Index¹ (“PMI”) recorded a slower expansion as it decreased slightly from 53.0 in Q1 2018 to 51.1 in Q4 2018 (Figure 4). This was attributed to moderated growth of orders, exports, factory output and employment level. Despite the slowdown in 2018, the PMI posted its 28th month of consecutive expansion.

Figure 4: Purchasing Manager Index (2017 to 2018)



Source: Singstats, Edmund Tie & Company

ECONOMIC OUTLOOK

Singapore’s GDP grew by 3.2% growth in 2018, revised by the Government several times in the year as a result of the uncertainties resulting from fluctuations in external economic and political conditions. 2019 GDP is expected to grow by 1.5% to 3.5% y-o-y.

The performance of the manufacturing sector, particularly the semiconductor sector, has started to moderate due to a slowdown in the global electronics cycle and the US-China trade war. In addition, weaker external growth on the back of tightening liquidity conditions in emerging markets and the slowing domestic property market are major concerns in 2019.

With a slow-down in Singapore’s manufacturing sector likely to impact economic growth, the Government’s policies are gearing towards increasing productivity in the sector. There are also initiatives to assist firms to re-engineer processes to stay relevant in the highly globalised and ever-changing economy. Moving forward, the MAS expects modern services that are underpinned by digitalisation and innovation, as well as the financial sector, to be key support pillars of the economy.

2 GOVERNMENT PLANS AND POLICIES

The Government, together with industry partners, are actively promoting and helping the logistics sector to improve productivity and remain competitive through digitalisation and skills training programs.

Logistics Industry Transformation Map (“ITM”)

With the convergence of brick-and-mortar, online and mobile sales channels, also known as omni-channel, the Government has recognised the need for integrating Internet-of Things (“IoT”) into logistics to improve services by enhancing the connectivity between industrialists and consumers. The Logistics ITM was launched to meet these needs and better capture growth opportunities by driving innovation and productivity and develop talent. The roadmap has enabled over 480 logistics companies to improve their building capabilities, scale-up and internationalise between 2016 and 2018.

To enhance the capabilities of the logistics sector, a technology-based transport solution called the Transport Integrated Platform (“TRIP”), was developed by the Logistics Alliance² to exchange information among different players within the logistics supply chain industry.

In addition, the Government encourages innovation by supporting the adoption of impactful productive technologies. Focusing investments on next-generation facilities with high-specification units can drive the use of such technologies and encourage co-location³. Other plans include boosting productivity by setting up centres of excellence and working with local institutions and universities to develop capabilities in logistics and supply chain management. To develop talent, the current workforce are encouraged to acquire relevant skills through the Industry Catalyst Programme, and stimulate the potential for mid-career changes into the Logistics Industry through the Adapt and Grow initiative.

Notes:

¹ A reading above 50 indicates that the manufacturing economy is expanding.
² The Logistics Alliance is an industry group formed by the Container Depot and Logistics Association (Singapore) and it comprises six different organizations to assist logistics companies in the areas of innovation, automation, talent attraction and development.
³ Co-location in the logistics sector can involve high-specification units that encourage the co-location of companies with the use of advanced technologies.

To accelerate digitalisation in the logistics sector, the Logistics Industrial Digital Plan (“IDP”) developed by the Infocomm Media Development Authority (“IMDA”) aligns with the objectives of the Logistics ITM by providing companies, via the Productivity Solutions Grant (“PSG”) funding, up to 70% of purchases in advanced technology solutions such as robotics and automation. Local logistics SMEs are also able to apply for the PSG for customer management, data analytics and financial management. As a result, these SMEs enjoys more competitive advantages globally.

Industry-led Three-Year Roadmap to Boost Technology Adoption

Announced in October 2018, the three-year plan developed by the Singapore Logistics Association aims to accelerate the rate of digitalisation in the logistics sector. The plan involves the establishment of platforms to showcase innovative technology and digital applications, connecting technology suppliers to small and medium-sized enterprises (“SMEs”) in logistics. Enterprise Singapore has also partnered with COI-SCM to pilot the Robotic Process Automation (“RPA”), helping companies to accelerate operational processes. The RPA can also be applied further in industry association projects.

3 WAREHOUSE PROPERTY MARKET¹

3.1 Existing Stock and Supply²

As of Q4 2018, total stock of warehouses increased by 2.4% y-o-y from 10.4 million square metres (“sqm”) in 2017 to 10.7 million sqm. The 247,000 sqm increase in GFA is below the average 10-year annual supply of 408,000 sqm.

Unlike 2017 when several large logistics warehouses were completed (e.g. CWT Distripark (190,800 sqm), Carros Centre (91,900 sqm) and Toll City (86,900 sqm)), completions in 2018 were relatively smaller in size and scale. These included the Yang Kee Integrated Hub (56,000 sqm) and the PLG Building (47,000 sqm) (Table 1). Yang Kee Integrated Hub incorporated smart technologies and innovations, including an automated crane hoisting system, to increase efficiency and minimise conventional manoeuvring space. The PLG Building offers multiple storage solutions, from general warehousing, licence warehousing to chemical storage and aircon storage.

Table 1: Selected Warehouse Completions (2018)

Development	Location	Developer	Estimated NLA (sqm)
Q1 2018			
Panalpina Logistic Center	9 Pioneer View	Panalpina World Transport (S) Pte Ltd	26,000
Q2 2018			
Warehouse Development	20 Tuas Avenue 1	A-REIT	38,000
Poh Tiong Choon Logistics Hub	48 Pandan Road	Poh Tiong Choon Logistics Limited	44,000
PLG Building	31 Tuas South Link 4	Pacific Investment Group Pte Ltd	47,000
Q3 2018			
Yang Kee Integrated Hub	2 Tuas South Link 1	Diamond Land Pte Ltd	56,000
Q4 2018			
Additions/Alterations to Singapore Logistics Centre	30, 32 Tuas Avenue 13	Boustead Projects Investments Pte Ltd	19,000

Source: JTC Corporation (JTC), Edmund Tie & Company

Notes:

¹ Both private and public warehouses.

² All existing supply and demand figures are in terms of estimated NLA unless otherwise stated.

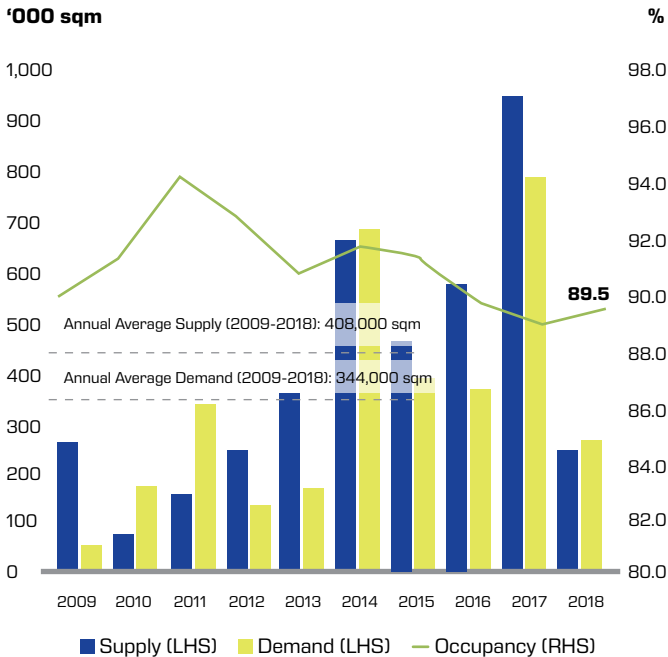
SINGAPORE INDUSTRIAL PROPERTY MARKET REVIEW

3.2 Demand and Occupancy

Warehouse space continues to be sought after by large logistics companies looking to tap on the advantages of Singapore’s strong infrastructure and transport connectivity. For example, the country’s reputation as a regional logistics hub led major logistics providers e.g. DHL to continue investing in their operations in Singapore. A strong ecosystem of leading shippers and third-party logistics providers also offer a strong platform for e-commerce companies to provide highly efficient delivery services, improving competitiveness. For example, Qoo10 upgraded their backend operations in 2018 to enhance their delivery services and meet higher order volumes.

While supply of warehouses tapered by more than 70% in 2018, demand for warehouse space is driven by logistics and manufacturing companies seeking advanced warehouse facilities, supported by a matured e-commerce market. This supported the rise in occupancy for the first time since 2014 to 89.5% (Figure 5).

Figure 5: Net Supply, Demand and Occupancy for Warehouses



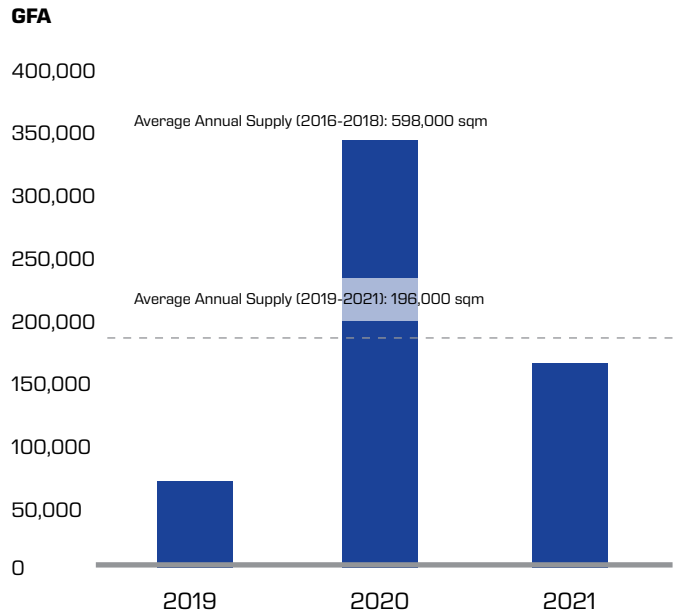
Source: JTC, Edmund Tie & Company

3.3 Potential Supply

Potential supply of warehouse is set to fall greatly

According to JTC, around 627,000 sqm of warehouse space is in the pipeline as of Q4 2018. The majority, 588,000 sqm, comprises major projects that are estimated for completion between 2019 and 2021, averaging 196,000 sqm per year (Figure 6). This is significantly lower compared to the average annual supply in the last three years (598,000 sqm).

Figure 6: Estimated Potential Supply for Major Projects



Source: JTC, Edmund Tie & Company

There are six major warehouse developments in the pipeline to be completed between 2019 and 2021 (Table 2). One of these is an 87,500 sqm warehouse development located on Jurong Island slated to be built by S H Cogent Logistics Pte Ltd, a wholly owned subsidiary of COSCO.

Table 2: Major Warehouses in the Pipeline (more than 30,000 sqm)

Estimated Year of Completion	Development/Developer	Location	Estimated GFA (sqm)
2020	S H Cogent Logistics Pte Ltd	Tembusu Crescent	87,500
2020	Sinar Mas Building	Pioneer Road	34,870
2020	JTC Corporation	Gul Circle	134,320
2021	NTUC Fairprice Co-operative Ltd	Sunview Road	69,280
2021	Bollere Logistics Singapore Pte Ltd	Sunview Way	50,000
2021	Schenker Singapore (Pte) Ltd	Alps Avenue	51,430

Source: JTC, Edmund Tie & Company

The JTC Logistics Hub @ Gul Circle, a 134,320 sqm ramp-up warehouse facility, is expected to complete in 2020. The facility will allow a load up to four container depot units on each floor and host up to 30 warehouses ranging from 2,100 to 2,800 sqm, along with a rooftop heavy vehicle park.

H1 2019 Industrial Government Land Sales

The Government announced five sites on the Confirmed List and seven sites on the Reserve List in the H1 2019 Industrial Government Land Sales (IGLS) Programme, totalling 11.86 ha. Three of the sites on the Confirmed list and two of the sites on the Reserve List are new. The refreshed Confirmed and Reserve lists will potentially yield some 83,000 sqm and 170,000 sqm of GFA to the total

pipeline supply respectively. The tapered GFA in the IGLS Programme reflects the Government recognition of a slowing manufacturing sector.

Majority of the land plots in the iGLS Programme are zoned Business 2 (B2), have small site areas of below 15,000 sqm (1.5 ha) and leasehold tenure of 20 years. These smaller plots with shorter tenures were first introduced in 2012 and they are consistent with the Government's intention for industrial land to stay affordable for small industrialists. The shorter tenure also allows for flexibility in land rejuvenation and to keep up with market demand.

Table 3 is the list of available sites in the iGLS program as at end January 2019.

Table 3: Industrial Government Land Sales for First Half of 2019^{1,2}

Confirmed List of Industrial Sites					
Location	Zoning	Site Area (Ha)	Gross Plot Ratio	Tenure (Years)	Estimated Launch Month
Woodlands Industrial Park E2/E5*	B2	0.5	2.5	20	Open for Tender (Tender closing 26 March 2019)
Plot 2, Tampines North Drive 3*	B2	0.48	2.5		February 2019
Plot 2, Jalan Papan	B2	1.24	1.4	30	March 2019
Plot E, Gul Circle	B2	0.80	1.4		April 2019
Senoko Drive	B2	1.20	2.5		May 2019
Reserve List of Industrial Sites					
Plot 19, Tuas South Link 3*	B2	0.45	1.4	20	Available
Gul Circle*	B2	1.00	1.4	20	Available
Plot 9, Tampines North Drive 5*	B2	0.49	2.5	20	Available
Plot 2, Gambas Way*	B2	1.20	2.5	40	Available
Plot 1 Benoi Sector*	B2	2.00	2.5	40	Available
Tuas Avenue 6	B2	0.50	1.4	20	May 2019
Plot 4, Kakit Bukit Road 5	B2	2.00	2.5	30	June 2019

Source: JTC, Edmund Tie & Company

*Previously listed in H2 2018.

Notes:

¹ Includes sites that were launched in the previous GLS program.

² As of 30 January 2019.

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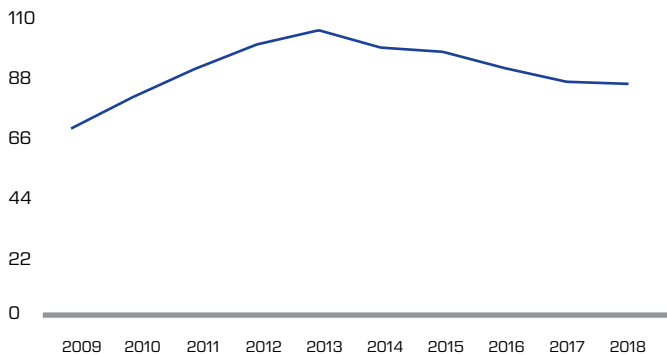
3.4 Rents

The JTC warehouse rental index depicts a declining rental movement since 2014, as net supply exceeded demand (Figure 7). The decline is also partially due to the obsolescence of older warehouses that are unable to meet the new technological demands of logistics providers and other end-users.

The index decreased at a slower rate in 2018, by 0.8-index points from 85.8 to 85.0, compared with 2017 (-5.2-index points), as demand caught up with supply.

Figure 7: Warehouse Rental Index

Index
(4Q 2014 = 100)



Source: JTC, Edmund Tie & Company

3.5 Prices

Real Estate Investment Trusts ("REITs") continued to be the main driving force in the logistics warehouse transactions market in 2018 (Table 4). Cache Logistics Trust ("CLT") sold Hi-Speed Logistics Centre, a 4-storey ramp-up warehouse located within the Airport Logistics Park in January. The achieved sales price of S\$73.8 million or S\$2,710 per sqm was approximately 7% above the CLT's valuation for the property as at end-December 2017.

Mapletree Logistics Trust ("MLT") purchased five ramp-up warehouses in the West in July 2018 for S\$730.0 million (plus some S\$48.3 million in upfront land premium). The initial net property income ("NPI") yield from the purchase of these five warehouses is estimated to be around 6.2%. In Q4 2018, ESR REIT purchased CEVA Tampines, a logistics hub, for S\$86.2 million, excluding S\$9.6 million of land premium. The yield from the purchase is estimated at around 6.3%.

Table 4: Major Warehouse Investment Transactions (2018)

Period	Location (Name of Development)	Leasehold Tenure	Buyer	NLA (sqm)	Transacted Price (S\$ millions)	Unit Price (S\$ per sqm)
Q1	40 Alps Avenue (Hi-Speed Logistics Centre)	30 + 30 years from 2005	AP SG 16 Pte. Ltd.	27,230	73.8	2,710
Q3	5A Toh Guan Road East	30 + 21 years from 1991	MLT	52,592	115.0	2,187
Q3	38 Tanjong Penjuru	30 + 14 years from 2005	MLT	32,263	75.0	2,325
Q3	52 Tanjong Penjuru	30 + 10 years from 2009	MLT	78,898	179.0	2,269
Q3	4 Pandan Avenue	30 + 30 years from 2014	MLT	54,400	117.0	2,150
Q3	6 Fishery Port Road	30 + 24 years from 2011	MLT	61,399	244.0	3,974
Q4	15 Greenwich Drive (CEVA Tampines)	30 + 23 years from 2010	ESR REIT	42,086	86.2	2,048

Note: Prices for the properties above does not include upfront land premium for the balance leases.

Source: JTC, OneMap, Edmund Tie & Company

3.6 Outlook

The trade war between the USA and China continues to affect economic growth in 2019, given Singapore's reliance on external trade. The International Monetary Fund has corresponded in view of the global uncertainty by cutting its global growth forecast from 3.7% to 3.5% for 2019.

Business sentiments in the manufacturing sector were relatively weak for January to June 2019, with negative growth expected in the electronics, precision engineering and chemicals industries. On the other hand, the biomedical manufacturing and transport engineering subsectors are expected to continue to grow positively.

Given Singapore's strategic location, strong logistics infrastructure and connectivity in the region, major logistics players will continue to strengthen their foothold. With the government plans and policies supporting the

sector, technological advancements will drive further transformations in the logistics industry. Logistics facilities have to adapt to the technological changes and to meet the future demand of logistics players.

Bearing in mind the relatively weak market sentiments and uncertain economic outlook, we expect minimum changes in rents and prices for warehouses in 2019. Property income yields are expected to remain between 6.0% and 7.0%. The e-commerce market will continue to drive the logistics sector. To maintain its competitiveness, industry players are expected to adopt more efficient supply chain management systems and stay prudent in expenses, while striving to provide higher value for end-users. Strategically-located warehouses equipped with newer facilities and technologies are likely to enjoy higher demand and command premium rents.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

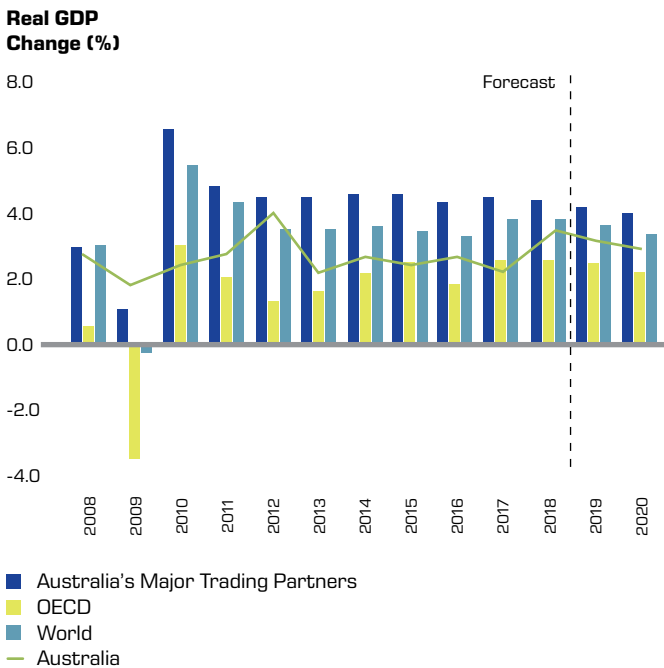
By Jones Lang LaSalle International

1 MACRO-ECONOMIC OVERVIEW AND CURRENT TREND

Australia has experienced long-term economic growth – recording 27 consecutive years of positive economic activity – making it a popular destination for offshore property investment.

GDP in 2018 was just above 3% - above the 10-year annual average of 2.6%. GDP growth is expected to remain above 3.0%, to 2020. This is anticipated to be underpinned by household consumption, business investment, public infrastructure investment, LNG exports, as well as by the solid GDP growth performance of Australia’s major trading partners.

Real GDP Growth, Historic and Projected (2008 to 2020)



Source: Deloitte Access Economics / JLL Research

The 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;
- the emerging online retail market, in turn, driving strong industrial tenant demand, particularly from retail and logistics, and transport related users;
- stable and transparent financial system and real estate market; and
- inflow of foreign capital with an increase allocation to real estate.

The economic growth has been fostered by low interest rates and the depreciation of the exchange rate since 2013. Non-resource exports have contributed strongly to economic growth since 2013, particularly in service exports.

2 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, export growth, and non-mining business investment.

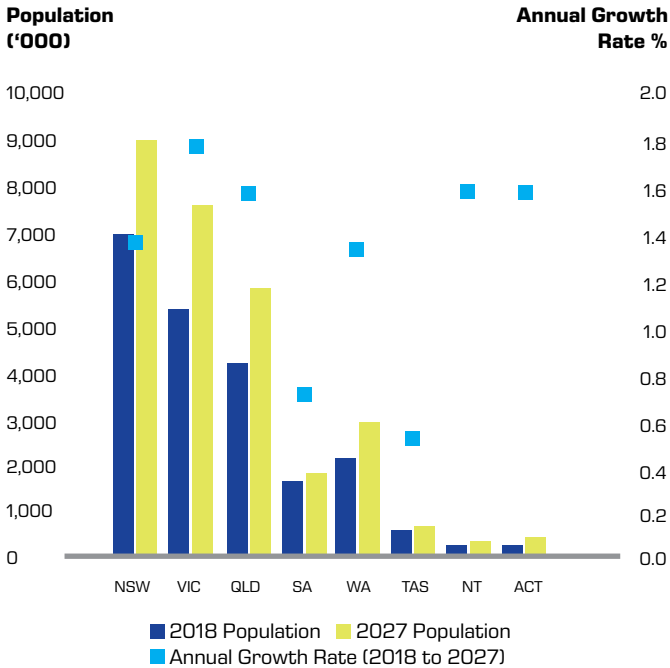
According to the Reserve Bank of Australia (“RBA”):

- GDP growth is forecasted to be above 3.0% between 2019 and 2020
- Unemployment rate is forecasted to trend downwards from just above 5.0% toward 4.75% by 2020
- Underlying inflation is expected to increase to 2.25% by the end of 2019.

According to the International Monetary Fund , Australia’s population growth forecast over the next five years ranks third amongst the world’s advanced economies. The state of Victoria is expected to record the strongest annual growth rate at 1.8% between 2018 and 2027.

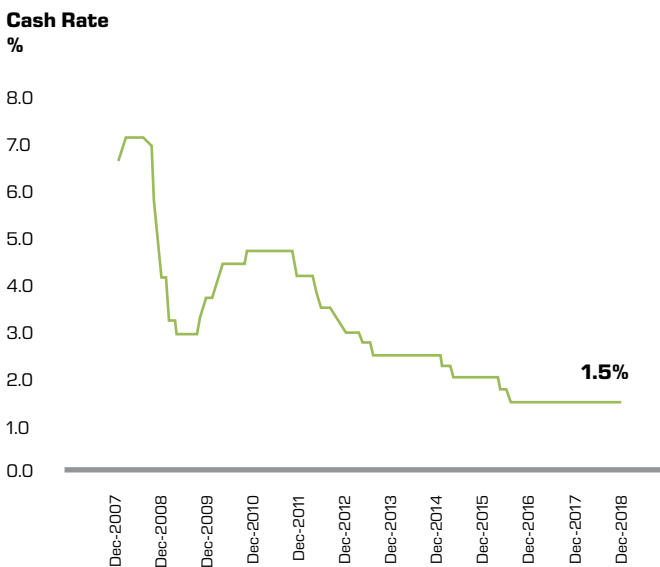
Note:
¹ Deloitte Access Economics.

Historic and Projected Population (by State)



Source: Deloitte Access Economics / JLL Research

RBA Cash Rate



Source: Reserve Bank of Australia / JLL Research

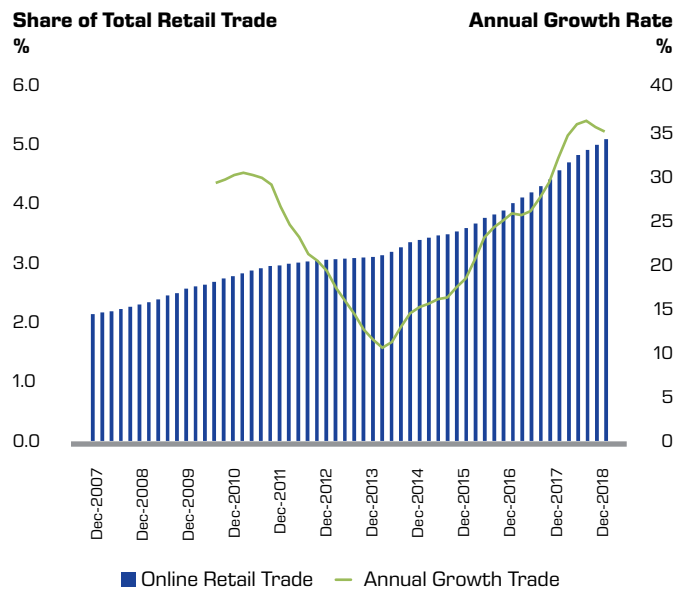
3 INDUSTRIAL AND LOGISTICS SECTOR PERFORMANCE AND TRENDS

Output from the transport and storage sectors has grown 1.3% over 2018, and is projected to increase at an annual average rate of 2.5%¹ to 2027, 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 e-Commerce 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 two years as Australian consumer preferences change, recording a growth rate of around 33% for 2018.

Increased usage of transport and logistics service 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.

Australia Online Retail Trade



Source: ABS / JLL Research

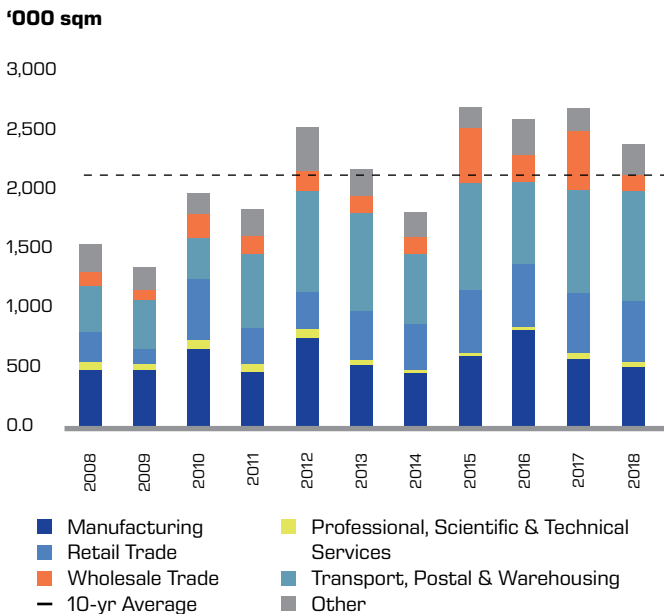
The high consumption non-discretionary throughput (i.e. groceries), which is relatively demand inelastic, will continue to drive demand for logistics space in the market. On the back of this, there is a greater emphasis on the online grocery sector – both consumer and supplier driven. The major supermarket retailers in Australia,

Note:
¹ Deloitte Access Economics.

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

Coles and Woolworths, have focused on diversifying their sales distribution channels and have publicly stated their strategies in investing in their online offerings. To successfully grow this platform requires logistical scale and strength, thereby further placing demand pressures on industrial floorspace within the transport, logistics and retail sector users, and particularly for cold storage facilities and purpose-built warehousing. There is also continued demand for industrial space within non-core logistics locations – suitable for the final stages of the order fulfillment process.

Industrial Gross Floorspace Take-Up by Industry (2008 to 2018)



Source: ABS / JLL Research

The general warehousing and cold storage industry have exhibited steady growth in the past five years. According to IBIS World, total industry revenue is expected to grow at an annualised 2.0% over the five years through 2018-19. Downstream customers are expected to continue outsourcing their warehousing and storage needs in the current year, with industry revenue anticipated to rise by 2.4% in 2018-19, to reach \$5.7 billion. Strong growth in online retailing, coupled with rising inventory volumes, will continue to boost demand for warehouse and cold storage facilities going forward.

4 NATIONAL MARKET TREND

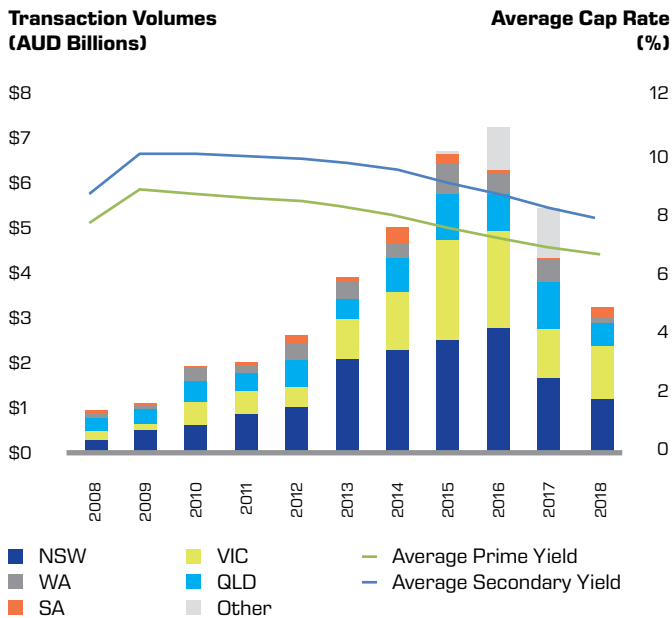
In a market fuelled by historically low interest rates, strong levels of infrastructure investment, population growth, and an evolving e-Commerce sector, investors have looked to the Australian industrial property sector for investment opportunities.

In 2018, approximately A\$3.2 billion in investment sales occurred nationally (for sales A\$10.0 million and over). The Eastern Seaboard experienced the highest volume of industrial activity with industrial sales in these markets representing approximately 90.0% of total national sales in 2018.

Continued demand for prime and secondary grade assets have resulted in downward pressure on transaction yields, with cap rates continuing to compress. The national average recorded at 6.38% for prime assets and 7.61% for secondary assets (as at 4Q 2018). While the market is coming to terms with lower yields, Australia remains relatively attractive in a global context, considering the decreasing yields within the European, Asian and North American markets.

Offshore investors have continued to be sourced mainly from the Singapore, China, and the US, with a number of these investors participating in capital raising by domestic fund managers. The share of acquisitions made by offshore investors in 2018 represented approximately 28.0% of total sales volumes, which is slightly below levels recorded over 2015 to 2016 (averaging 33.0%). The lower share reflected over 2017 and 2018 is not reflective of a reduced appetite from offshore buyers, rather it is due to local players outbidding offshore investors to gain a greater exposure in the industrial property market.

National Industrial Investment Transaction Volume and Average Cap Rate (2008 to 2018)



To note: Reflects sales AUD 10 million and greater
 Source: JLL Research

One of the challenges for investments into the Australian industrial sector is the limited scale of the investable universe. Investor demand is unprecedented, however the availability of investment grade stock is low.

Over the past few years, industrial portfolio transactions have been one of the dominant channels in accessing scale, as well as range – in terms of geographical diversification and occupier range. Fewer portfolio offerings have occurred over the past 12 months, and this has resulted in the acquisitions of secondary grade stock in infill locations, particularly over first half of 2018.

In 2019, it is anticipated that capital will begin to flow towards securing development land for investors to develop warehouse products, and therefore joint ventures and capital partnering will be the next transaction trend. Capital partnering is a way for developers to attract investors to a new product to recycle their capital into new development projects.

Developers maintaining a part ownership of the industrial asset demonstrates their confidence in the industrial sector.

5 KEY DEMAND DRIVERS

The large commitments in infrastructure projects continues to boost confidence in the Australian industrial market – particularly in 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.

Major drivers of demand include:

- The infrastructure boom
- Precincts well-served 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 (e.g. Food Manufacturing, Logistics and Transport)
- 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 household goods sector
- A weaker Australian dollar boosting net exports.

JLL are forecasting an average of 557,200 sqm of industrial space per annum (p.a.) projected to be completed between 2019 and 2022. This is well below the five-year historic annual average of 1.5 million sqm, indicating that quality assets are in demand and in short supply.

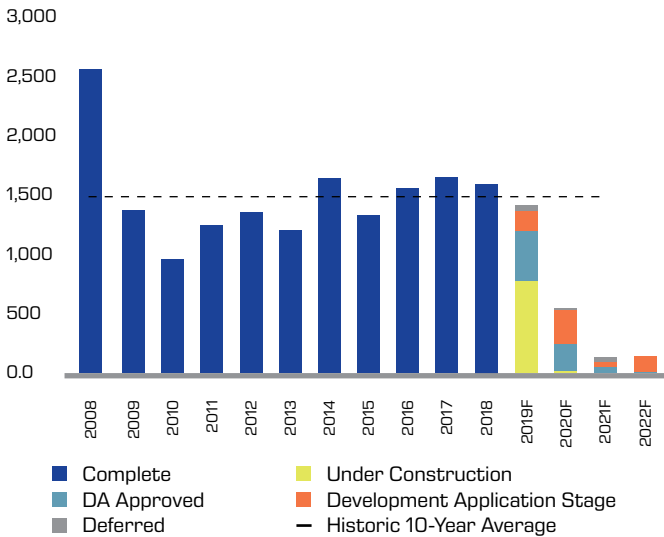
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The three-year annual average of gross take-up of industrial floorspace for the major Australian markets are as follows:

- Sydney, 997,000 sqm
- Melbourne, 789,400 sqm
- Brisbane, 471,200 sqm
- Adelaide, 161,700 sqm
- Perth, 138,200 sqm.

National Industrial Development Supply Pipeline

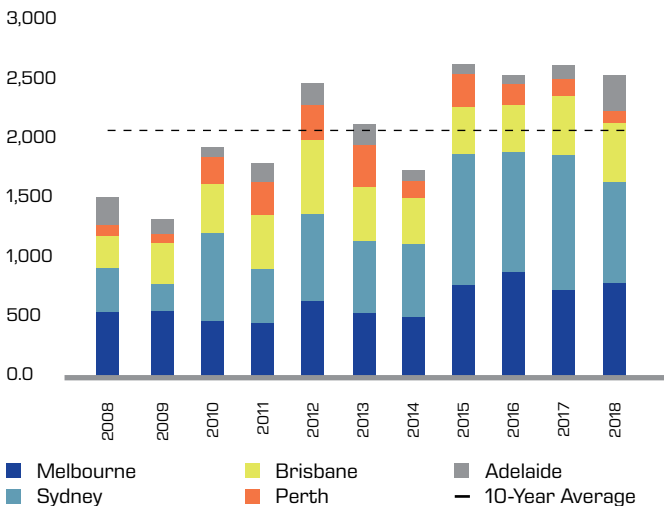
Total Floorspace ('000 sqm)



To note: as at Q4 2018
Source: JLL Research

National Industrial Gross Take-Up by City

Total Floorspace ('000 sqm)



Source: JLL Research

6 DEVELOPMENT SUPPLY

Sydney

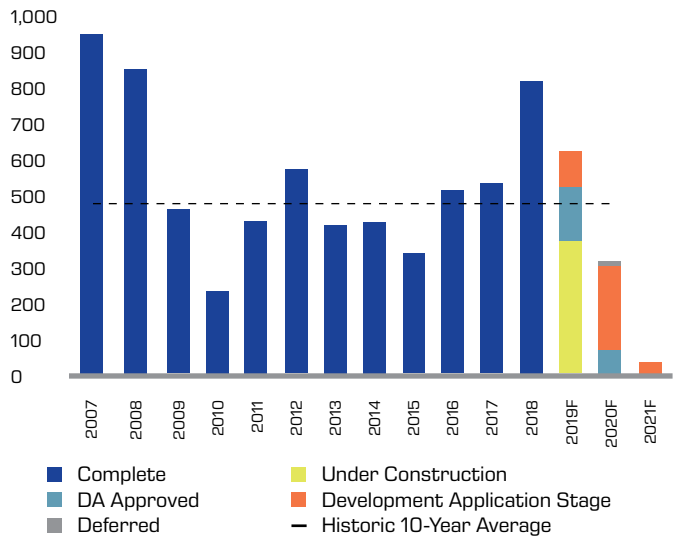
A total of 827,590 sqm of industrial floorspace was delivered in 2018, the highest level since 2008. Looking ahead, the total supply expected to be delivered in 2019 totals around 627,600 sqm – above the historic 10-year annual average of 477,160 sqm.

Around 60% of the supply to be delivered in 2019 is currently under construction, and a further 24% of the floorspace have development approval.

Due to the strong demand and confidence in Sydney's industrial market, over 134,500 sqm of speculative developments are under construction and due to complete by the end of 2019.

Sydney Industrial Supply Pipeline

Total Floorspace ('000 sqm)



To note: as at Q4 2018
Source: JLL Research

Melbourne

A total of 430,500 sqm of industrial floorspace was delivered in 2018, the lowest level recorded since 2013 – however almost on par with the 10-year annual average.

The outlook over the next 12 months remains positive. There is currently 201,500 sqm of developments under construction and due to complete by 3Q 2019. There is an additional 198,200 sqm of supply with plans approved, which is due to complete by 3Q 2020.

The majority of the forward pipeline of supply for the next 12 months is located in the West (49%). The South East and North precincts account for the remaining 26% and 25%, respectively.

Of the 201,500 sqm of developments under construction and due for completion by 3Q 2019, 124,100 sqm (62%) of the floorspace has been precommitted. The remaining speculative floorspace (77,400 sqm) includes three projects. The largest of these facilities is DEXUS Property Group’s development of two speculative warehouses.

Brisbane

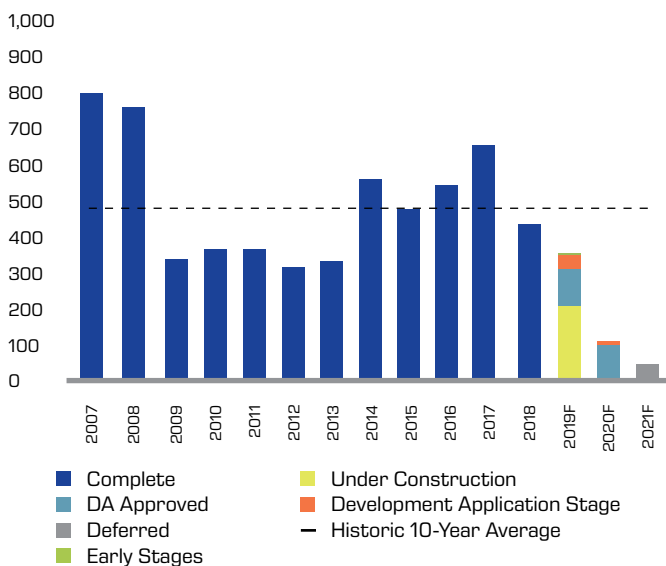
A total of 207,000 sqm of industrial floorspace was delivered in 2018, below the historic ten-year annual average of 315,900 sqm.

Supply levels over 2019 are expected to rise in line with the ten-year annual average – pointing to improved confidence in the leasing market. Around 40% of industrial floorspace in the supply pipeline for 2019 is currently in the construction stage.

Currently, 141,700 sqm of industrial space is under construction across six projects. The majority of this new supply will be delivered in the Southern Precinct, contributing 94% of total new stock for 2019. The Trade Coast follows, supplying 6%, while the Northern precinct currently has no projects under construction. The heightened level of supply in the Southern precinct is being driven by land supply, close proximity to major transport infrastructure and precommitments.

Melbourne Industrial Supply Pipeline

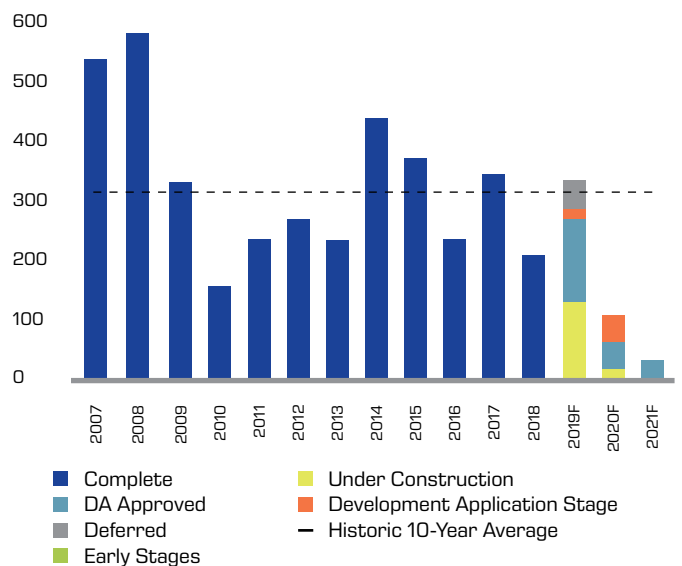
Total Floorspace ('000 sqm)



To note: as at Q4 2018
Source: JLL Research

Brisbane Industrial Supply Pipeline

Total Floorspace ('000 sqm)



To note: as at Q4 2018
Source: JLL Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

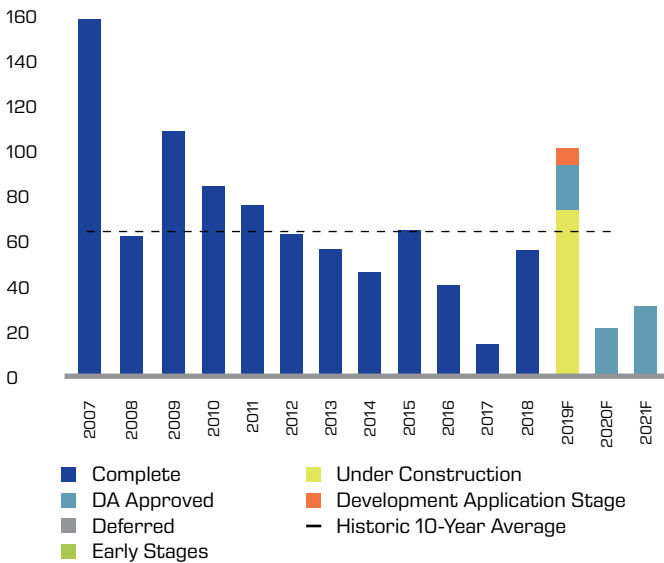
Adelaide

A total of 55,300 sqm of industrial floorspace was delivered in 2018, significantly above the level recorded in the previous year.

The total supply forecast for 2019 is around 101,000 sqm – above the ten-year annual average of 64,400 sqm - with around 73% of this floorspace already under construction. The undersupply of modern efficient warehouse space in the Adelaide market has already improved pre-lease and design and construct (“D&C”) demand in 2018. This is expected to continue into 2019 as businesses unable to secure modern efficient space from existing stock will likely explore alternative options to satisfy future business requirements.

Adelaide Industrial Supply Pipeline

Total Floorspace ('000 sqm)

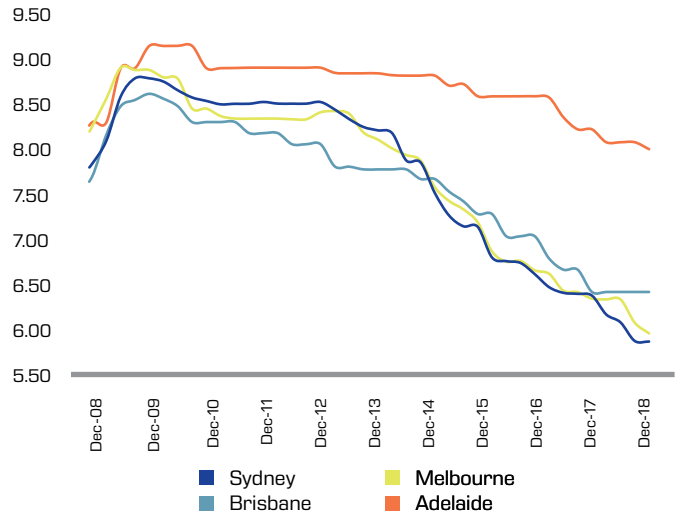


To note: as at Q4 2018
Source: JLL Research

7 RENTS, CAPITAL VALUES, YIELDS AND TRENDS

Adelaide Industrial Supply Pipeline

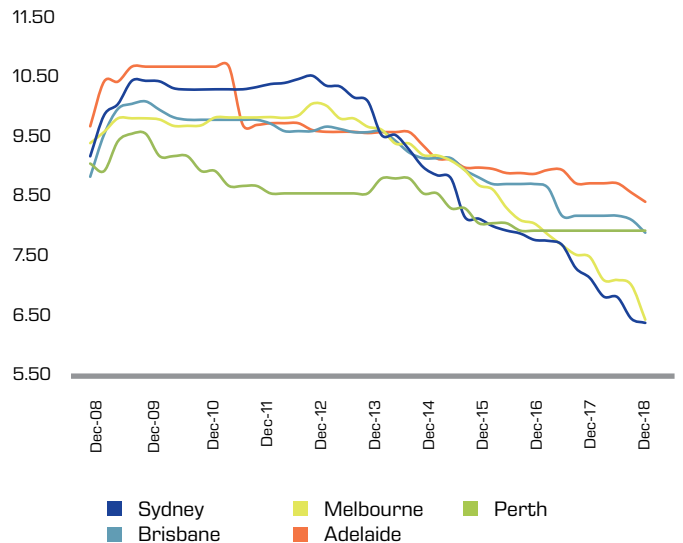
Equivalent Midpoint Yield- Weighted (%)



To note: as at 4Q18
Source: JLL Research

Secondary Yields by City

Equivalent Midpoint Yield- Weighted (%)



To note: as at 4Q18
Source: JLL Research

Sydney

Yields and Capital Values

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

The overall Sydney average growth in land values in 2018 has been approximately 26%, above the five and ten-year annual averages of 20% and 7%, respectively. Annual growth rates over the next six months are projected to remain in double digits as the construction phase of major infrastructure projects continue 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 2013. Prime and secondary midpoint yields currently average 5.36% and 6.33%.

Leasing

Although demand in 2018 did not reach the 1 million sqm mark recorded consecutively over the previous three years, demand was still well above the 10-year annual average of 751,500 sqm in 2018.

The Transport, Postal & Warehousing sector continues to dominate demand in the Sydney industrial market, accounting for 52% of gross take-up over 2018.

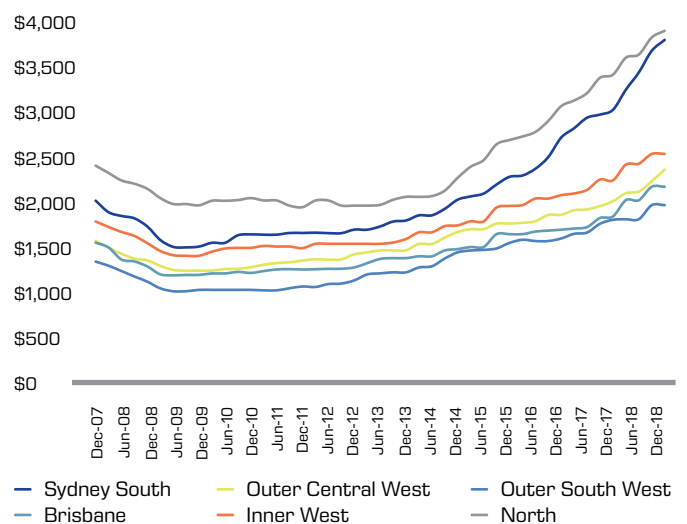
As the e-Commerce sector continues to grow, the Retail Trade sector has contributed to the demand for industrial space in Sydney. Between 2016 and 2018, the sector accounted for an average of 22% of annual demand, significantly higher than the average 14% over 2011-2015. Online retailing demand has also positively affected gross take-up in the Wholesale and Transport, Postal & Warehousing sectors. Gross take-up from these three sectors has averaged 711,800 sqm p.a. since 2015, above the 10-year average of 493,200 sqm p.a..

The strongest rental growth in prime grade assets over 2018 was recorded for the Outer North West (6.5%), South Sydney (6.0%), North Sydney (4.5%) and the Outer Central West (3.3%). The Inner West (0.8%) and Outer South West (0.3%) precincts recorded steady growth.

Rent rises with the South Sydney (5.5%) Precinct for secondary grade stock was also strong, due to the high demand and lack of available stock, coupled with depletion of industrial land.

Sydney Prime Capital Values, by Precinct

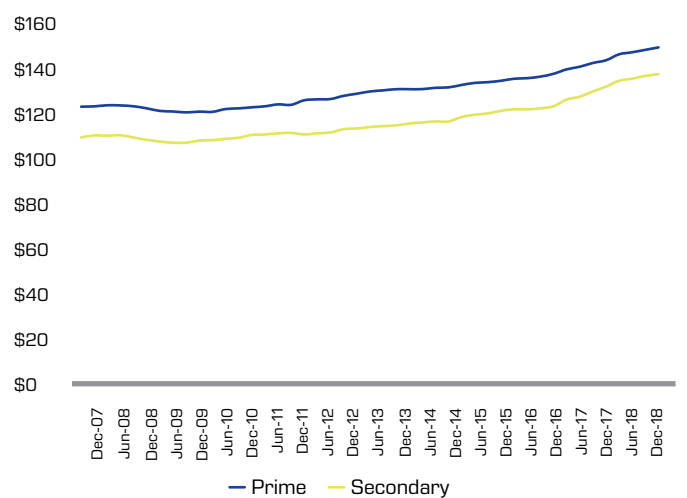
Capital Value
AUD/sqm



Source: JLL Research

Sydney Average Rents

Rent
AUD/sqm



Source: JLL Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

Melbourne

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 and onshore 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 2018 have compressed 70 basis points to 5.59% and 105 basis points to 7.38%, respectively.

Capital values over 2018 have recorded the strongest growth within the South East (A\$ 1,654/sqm) and West (A\$ 1,330/sqm) precincts of around 15%.

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.

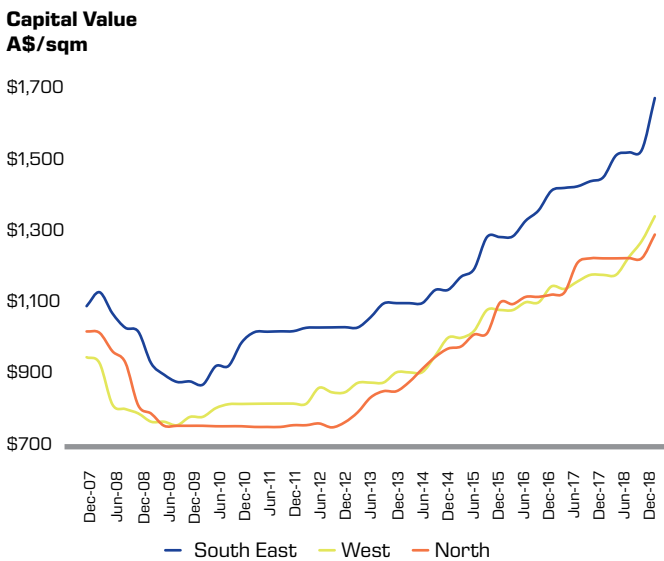
Leasing

Over the last 12 months leasing activity has been steady, with approximately 787,200 sqm of gross take-up recorded – above the 10-year annual average of 627,000 sqm. This was recorded across 64 leases, with an average lease size of 12,300 sqm.

The majority of gross take-up was recorded in West (42%) and South East (40%). The Transport, Postal & Warehousing sector continues to record the strongest leasing volumes across the Melbourne industrial market, accounting for 36% of gross take-up in 2018. Meanwhile, the Manufacturing and Retail Trade sectors accounted for 23% and 21% respectively.

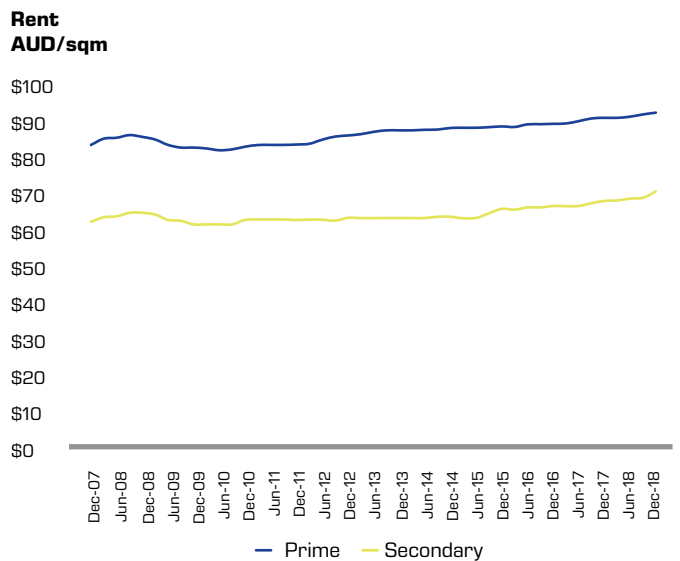
The annual rental growth in the West precinct (4.8%) was the strongest growth recorded since 2012. This rental growth was driven by high levels of occupier demand, along with the continuous growth of land values across the precinct. Secondary rents also grew by 10.4% in 2018. The notable growth in demand for secondary assets can be attributed to the low availability of prime assets, with occupiers having to consider secondary grade options to occupy.

Melbourne Prime Capital Values, by Precinct



Source: JLL Research

Melbourne Average Rents



Source: JLL Research

Brisbane

Yields and Capital Values

Yields for prime grade stock have continued to tighten, currently at 6.25% due to a lack of quality stock. Secondary grade yields have also recorded compression (-28 basis points) and currently average 7.84%.

Capital values in prime grade stock have increased by an average of 3% in the 12 months to December 2018, consistent with the previous year.

Leasing

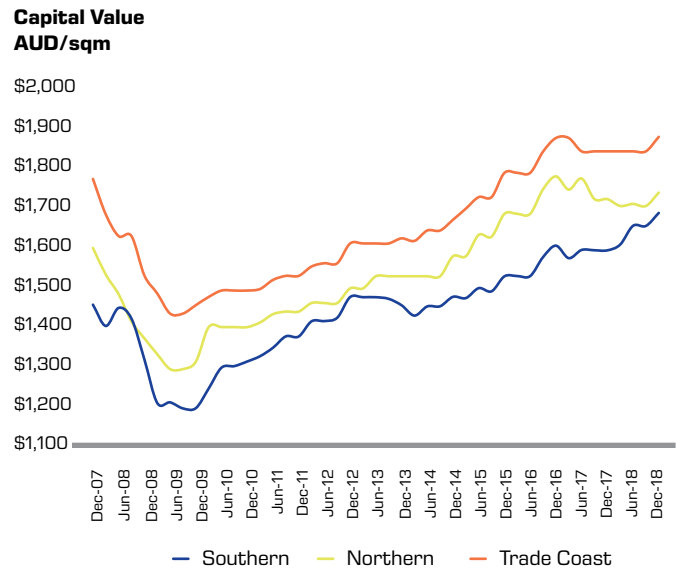
Leasing activity in 2018 was the strongest since 2012 levels (623,300 sqm), with gross annual take-up totalling 508,100 sqm across 64 deals. As developers are in a bid to attract new tenants within the prelease market, leasing activity has been stimulated, where tenants took advantage of these competitive rents for facility upgrades and expansion. Also fuelling higher take-up levels in Brisbane are new market entrants within the transport and logistics sector that already have a presence in Sydney and Melbourne.

Over the past 12 months, the Brisbane market is increasingly experiencing take-up activity that involves tenants moving to expand, rather than relocation.

Rents have remained relatively steady, – with the Southern industrial precinct recording growth of 4.3% for prime grade assets.

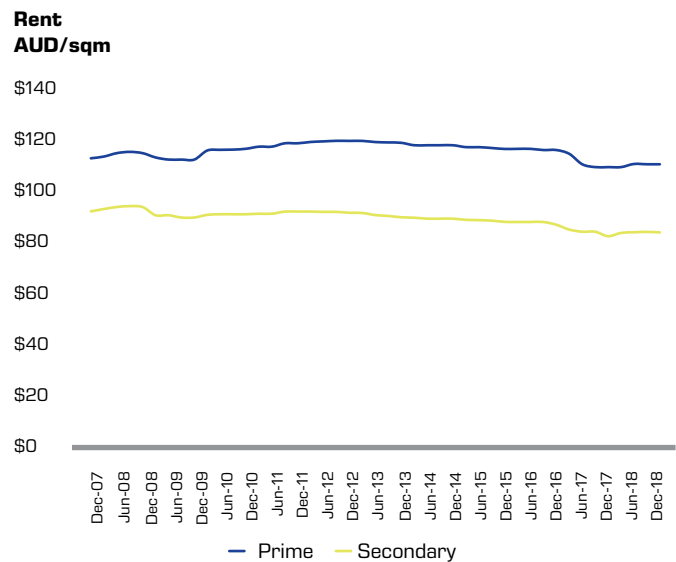
Incentives have been relatively high within the Trade Coast (15%) and Northern precincts (13%).

Brisbane Prime Capital Values, by Precinct



Source: JLL Research

Brisbane Average Rents



Source: JLL Research

AUSTRALIA INDUSTRIAL PROPERTY MARKET REVIEW

Adelaide

Yields and Capital Values

The Adelaide industrial market continues to offer higher yields relative to most other eastern seaboard markets. Prime and secondary yields currently average 7.83% and 8.36%, respectively (as at December 2018).

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 asset class is above the long-term average.

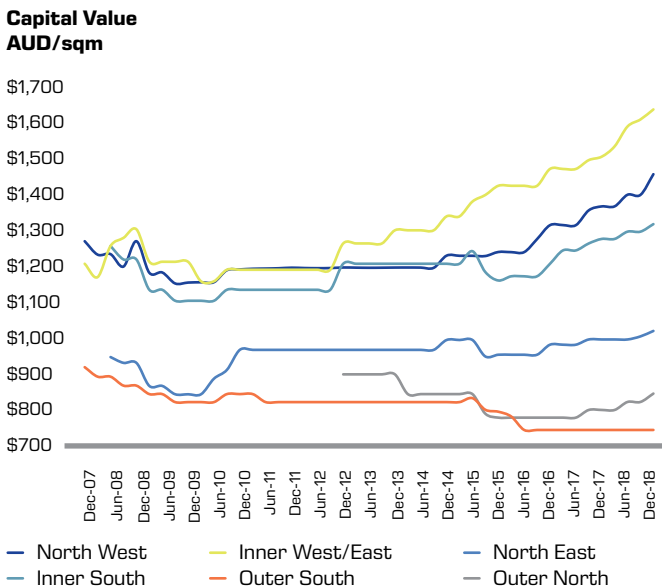
Leasing

Current industrial occupier demand in Adelaide is at historical highs. Given this, there is little opportunity for occupiers to lease modern efficient warehouse space, therefore it is expected that pre-lease and D&C demand, as well as rental growth, will continue into 2019.

Moderate rental growth of 1.5% is forecasted for 2019 before increasing to a growth of between 2.0% and 2.5% p.a. between 2020 and 2024.

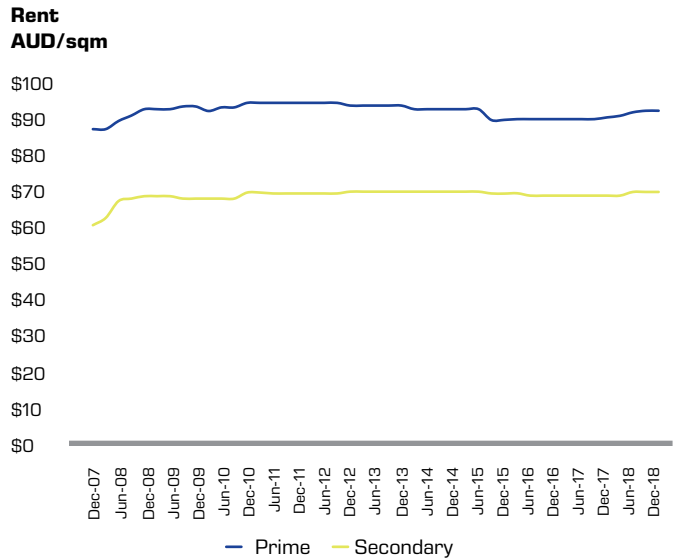
With connectivity to the major road infrastructure project, the North-South Corridor, as well as proximity to major Defence precincts, the strongest rental growth outlook is in the Outer North and North West precincts.

Adelaide Prime Capital Values, by Precinct



Source: JLL Research

Adelaide Average Rents



To note: excludes Outer South Precinct
Source: JLL Research

OUTLOOK

Sydney

The industrial sector will continue to attract interest given the significant infrastructure development resulting in land value uplift. A constrained supply of serviced land will limit the amount of development activity post 2019, resulting in upward pressure on land values.

The positive sentiment evident in the market, due to strong economic conditions and demand for industrial assets, will result in steady rental growth to continue for both prime and secondary grade assets.

With the entrance of large overseas retailers into the Australian market, demand from the retail and transport sectors are expected to grow, in turn continuing to drive industrial floorspace take-up across the Sydney market.

In the investment market, limited opportunities for core stock will continue into 2019, therefore sale volumes will continue to trend downwards. Despite the lack of stock available, it is expected that the share of offshore buyers will remain at similar levels (around 30%) as greater strategic joint venture partnerships continue to be formed between local and offshore groups.

It is anticipated that yields will remain relatively unchanged in both asset classes across Sydney in 2019.

Melbourne

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 in 2019. In particular, positive rental growth is expected within the South East and West precincts.

Activity in the North sub-markets in 2019 will be driven by high demand, particularly from logistics, specialised manufacturing and food/beverage industries.

The investment market is anticipated to remain strong and the trend of sale and leaseback activities to continue.

There is scope for further yield compression in both prime and secondary grade assets in 2019.

Brisbane

Higher prices for Queensland's resource exports and an inflow of tourists owing to the falling Australian dollar has strengthened economic recovery for Queensland. The rebound has also been assisted by population growth due in part to domestic as well as international migration. This is expected to strengthen the retail trade sector, with positive spillover effects on the industrial sector.

Deloitte Access Economics has projected the recovery in the Queensland economy to continue with State Final Demand growth forecasted to reach a high of 3.7% over FY2021/22.

The anticipated recovery of the Queensland economy is expected to facilitate stronger leasing demand, which will in turn support rising rents.

Industrial assets with strong underlying leasing covenants will be highly sought after as investor demand remains robust. The limited availability of acquisition options will continue to drive competition for assets.

As a result of the strong investment appetite, capital values are forecasted to increase in 2019 to see 2.7% y-o-y growth.

State infrastructure developments, such as the Cross River Rail and the Queen's Wharf redevelopment, will continue to boost industrial works within the region over the coming years. The development of the second airport runway will boost freight through the Trade Coast precinct, as well as increase demand and land values.

The A\$512 million Logan Enhancement Project is also currently under construction and includes upgrades to parts of the Logan and Gateway Extension motorways. The Queensland Government project aims to improve key congestion hot spots and provide new south facing ramps that will improve access.

Adelaide

The weaker Australian dollar is expected to underpin improved demand for South Australia's manufacturing exports. While the importance of manufacturing as a contributor to South Australia's gross state product has diminished, the manufacturing industry is still the largest occupier sector in the Adelaide industrial market, representing 45% of all gross take-up over the 10-year period between 2009 and 2018.

Growth within the technology and defence technology sectors is also expected to result in industrial sector growth. In the North West, upgrades and preparation works within the naval ship-building precinct at Osborne are underway. Construction of nine Australian Navy frigates and 12 submarines are scheduled to begin from 2020 and 2022 respectively. The long-term development of the defence sector is expected to support industrial occupier growth for steel producers and existing third-party hi-tech component manufacturers, as well as attract new defence-oriented firms to the Adelaide market.

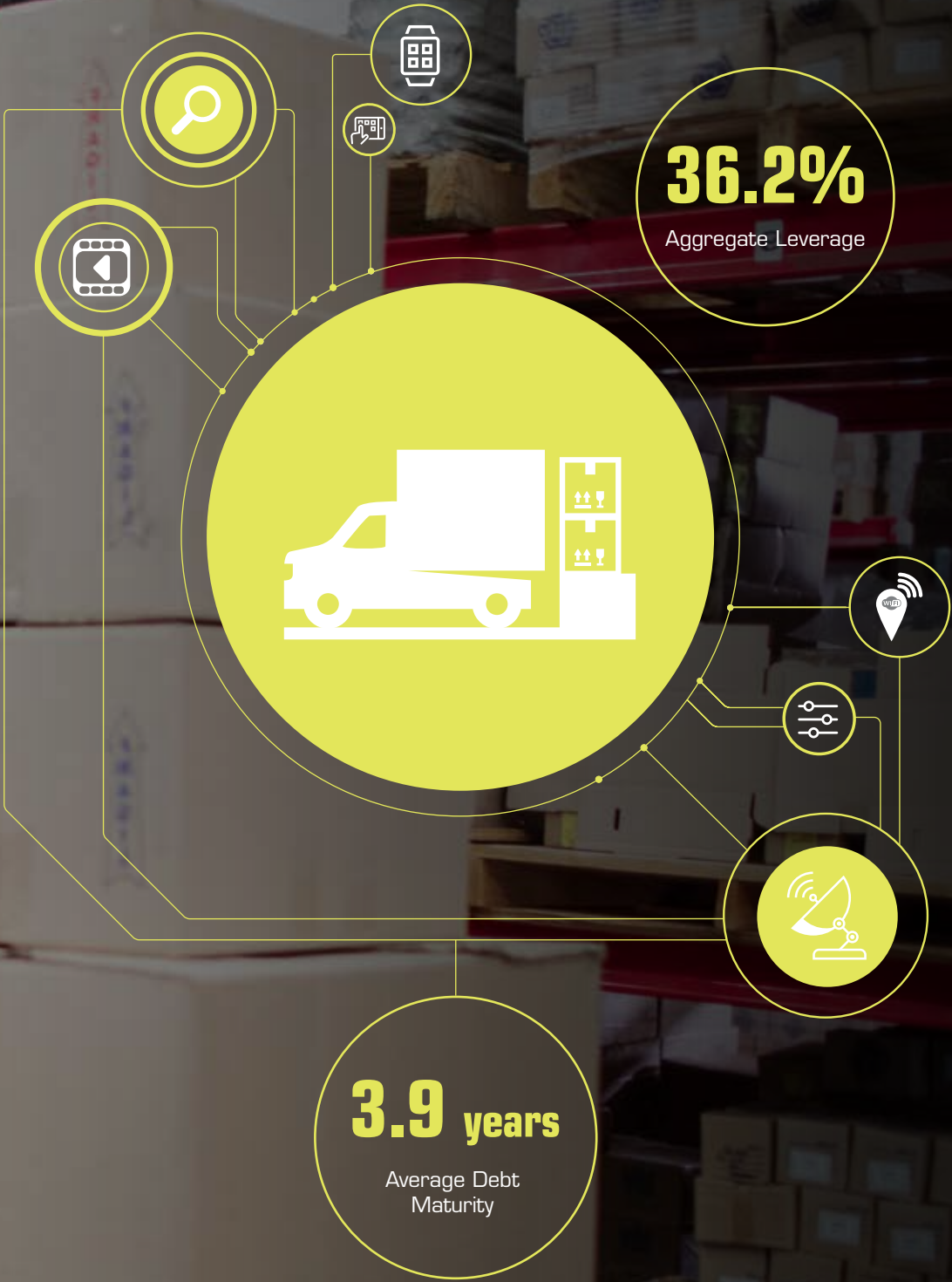
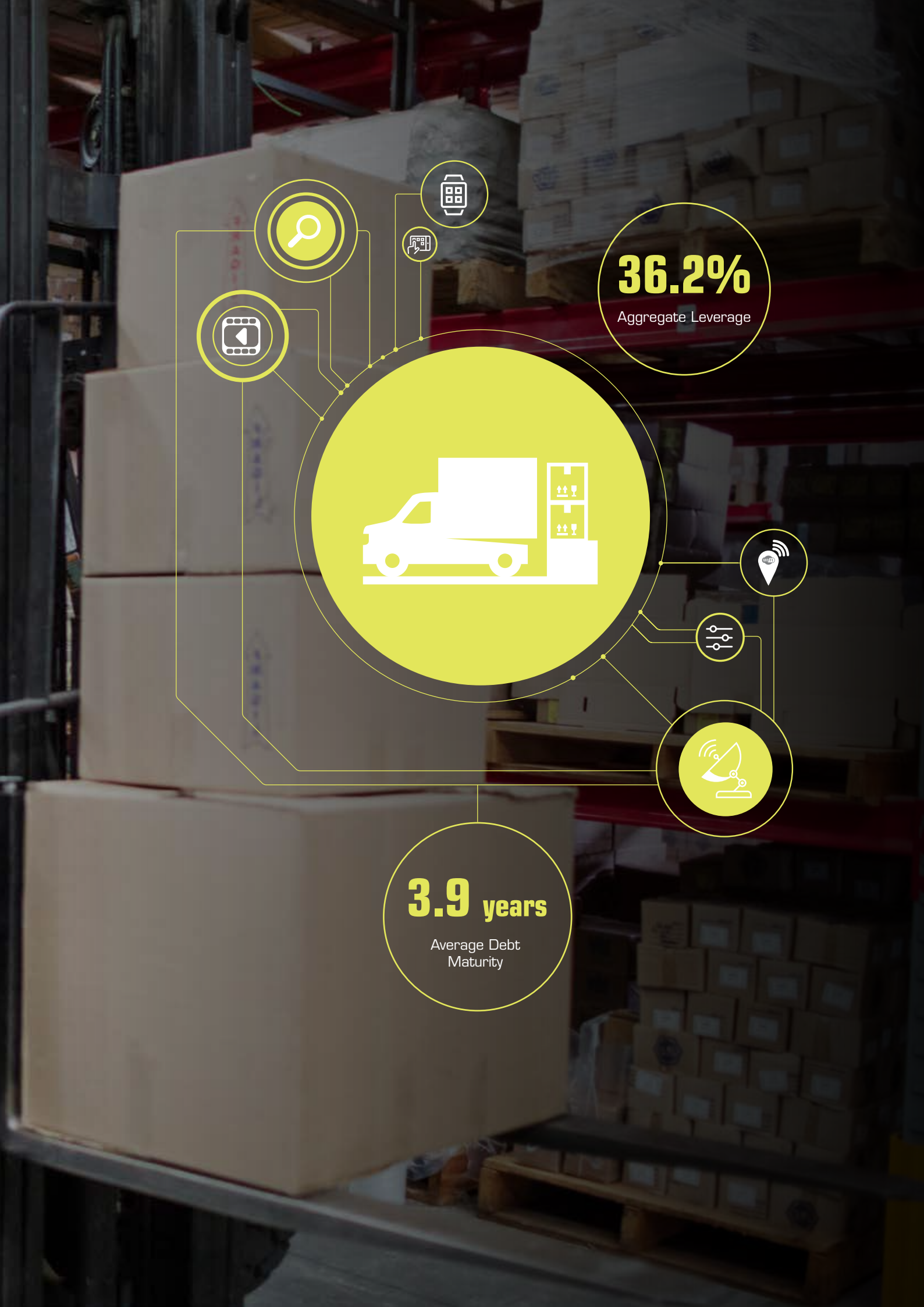
Occupier demand is currently strong and is expected to translate into improved income levels for property owners. A moderate rental growth of 1.5% is forecasted for 2019 before increasing to between 2.0% and 2.5% growth p.a. between 2020 and 2024.

With connectivity to the major road infrastructure project, the North-South Corridor, as well as proximity to the major Defence precincts, the strongest rental growth outlook is in the Outer North and North West precincts.

A photograph of a warehouse worker operating a forklift. The worker is wearing a yellow hard hat and a high-visibility safety vest over a black long-sleeved shirt. The forklift is yellow and black. The background consists of tall red metal shelving units filled with cardboard boxes on wooden pallets. A blue circular graphic is overlaid on the bottom half of the image, containing text.

MAINTAINING OUR FOCUS

Cache will continue to maintain a keen focus on building a sustainable quality portfolio and maintaining a prudent capital structure to pursue long-term sustainable growth.



36.2%
Aggregate Leverage

3.9 years
Average Debt Maturity

WAREHOUSE PROFILES

CWT COMMODITY HUB

24 Penjuru Road, Singapore



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



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.

PROPERTY DETAILS

Valuation	S\$307.3 million
Valuation Date	31 December 2018
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	2,205,359 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	2.50
Lease Type	Multi-tenant
Major Tenants	CWT Pte. Limited DCH Auriga (Singapore) Pte. Ltd. Watson's Personal Care Stores Pte Ltd
Occupancy	86%

PROPERTY DETAILS

Valuation	S\$130.2 million
Valuation Date	31 December 2018
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	91%

SCHENKER MEGAHUB

51 Alps Avenue, Singapore



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.

PROPERTY DETAILS	
Valuation	S\$82.6 million
Valuation Date	31 December 2018
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%

CACHE CHANGI DISTRICENTRE 1

5 Changi South Lane, Singapore



Cache Changi Disticentre 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 Federal Express (Singapore) 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.

PROPERTY DETAILS	
Valuation	S\$95.8 million
Valuation Date	31 December 2018
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	347,194 square feet
Maximum Plot Ratio	2.50
Current Plot Ratio	2.50
Lease Type	Multi-tenant
Major Tenants	Federal Express (Singapore) Pte Ltd RS Bonded Logistics (S) Pte Ltd
Occupancy	100%

WAREHOUSE PROFILES

CACHE CHANGI DISTRICENTRE 2

3 Changi South Street 3, Singapore



Cache Changi Disticentre 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.

PROPERTY DETAILS	
Valuation	S\$15.9 million
Valuation Date	31 December 2018
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. Kuehne + Nagel Pte Ltd
Occupancy	66%

AIR MARKET LOGISTICS CENTRE

22 Loyang Lane, Singapore



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.

PROPERTY DETAILS	
Valuation	S\$11.4 million
Valuation Date	31 December 2018
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%

PAN ASIA LOGISTICS CENTRE

21 Changi North Way, Singapore



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 single-tenant 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



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/m² on the ground floor and has loading/unloading bays with a total of 25 dock-levellers. Strategically located in the Pandan/Penjurong 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.

PROPERTY DETAILS

Valuation	S\$34.6 million
Valuation Date	31 December 2018
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	196,990 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%

PROPERTY DETAILS

Valuation	S\$43.3 million
Valuation Date	31 December 2018
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 Pte. Limited LQ Logistics Pte Ltd
Occupancy	92%

WAREHOUSE PROFILES

PRECISE TWO

15 Gul Way, Singapore



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/m² on the ground floor and 35KN/m² 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.

DHL SUPPLY CHAIN ADVANCED REGIONAL CENTRE

1 Greenwich Drive, Singapore



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.

PROPERTY DETAILS

Valuation	S\$33.4 million
Valuation Date	31 December 2018
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%

PROPERTY DETAILS

Valuation	S\$151.3 million
Valuation Date	31 December 2018
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 Tenant	DHL Supply Chain Singapore Pte Ltd
Occupancy	100%

127 ORCHARD ROAD

127 Orchard Road, Chester Hill,
New South Wales, Australia



The single-storey warehouse facility is located in an established industrial precinct approximately 25 kilometres west of the Sydney CBD and 10 kilometres 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 of up to 12m, full drive through access and a centrally located breezeway.

16 - 28 TRANSPORT DRIVE

16 - 28 Transport Drive, Somerton,
Victoria, Australia



The single-storey warehouse facility is located within an established industrial estate about 25 kilometres 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 two large warehouse facilities, an office component, canopy covered dock and loading facilities, hardstand and four concrete ingress and egress crossovers.

PROPERTY DETAILS	
Valuation	S\$42.5 million (A\$44.25 million)
Valuation Date	31 December 2018
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%

PROPERTY DETAILS	
Valuation	S\$24.5 million (A\$25.5 million)
Valuation Date	31 December 2018
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	McPhee Distribution Services Pty Limited
Occupancy	100%

WAREHOUSE PROFILES

51 MUSGRAVE ROAD

*51 Musgrave Road, Coopers Plains,
Queensland, Australia*



The single-storey warehouse is located at a well-established industrial precinct located approximately 13 kilometres south of Brisbane CBD with good access to the Ipswich Motorway. Two of the freestanding buildings have undergone recent building improvements and provides for travelling gantry cranes and nominal office accommodation. Other improvements include concrete hardstand and two crossovers for ingress and egress. The property is designed with a configuration for multiple users and is suitable for transport and logistics businesses.

203 VIKING DRIVE

*203 Viking Drive, Wacol,
Queensland, Australia*



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 modern warehouse provides a clearance of between 9.2 and 11.2 metres for efficient racking storage capacity, with multiple container height roller doors. Other amenities include a 10-metre-wide awning abutting a well-lit hardstand and a single crossover for ingress and egress.

PROPERTY DETAILS

Valuation	S\$8.1 million (A\$8.4 million)
Valuation Date	31 December 2018
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 Toro Waste Equipment (Aust) Pty Ltd
Occupancy	92%

PROPERTY DETAILS

Valuation	S\$27.8 million (A\$29.0 million)
Valuation Date	31 December 2018
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%

223 VIKING DRIVE

223 Viking Drive, Wacol, Queensland, Australia



Adjacent to 203 Viking Drive, this single-storey warehouse with a recently refurbished free-standing office building benefits from similar proximity, transportation and network benefits of the neighbouring asset. The facility boasts good vehicular circulation with concrete driveways and a large gravel sealed hardstand of approximately 0.8 hectares which is conducive for heavy vehicle manoeuvring.

404 - 450 FINDON ROAD

404 - 450 Findon Road, Kidman Park, South Australia, Australia



This large warehouse distribution facility is well located within two kilometres of Adelaide Airport and six 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 an undeveloped land lot that can be utilised for future development or expansion.

PROPERTY DETAILS

Valuation	S\$11.0 million (A\$11.5 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$9.6 million (A\$9.575 million)
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%

PROPERTY DETAILS

Valuation	S\$56.6 million (A\$59.0 million)
Valuation Date	31 December 2018
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%

WAREHOUSE PROFILES

217 – 225 BOUNDARY ROAD

217 – 225 Boundary Road, Laverton North,
Victoria, Australia



The single-storey warehouse is well located within the established industrial suburb of Laverton North, approximately 20 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 portal steel frame construction with concrete slab flooring, concrete panel dado walls with metal cladding above with a high clearance ceiling, recessed loading docks, an internal driveway system, concrete hardstand and three crossovers for ingress and egress. 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.

PROPERTY DETAILS	
Valuation	S\$21.9 million (A\$22.8 million)
Valuation Date	31 December 2018
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%

11-19 KELLAR STREET

11-19 Kellar Street, Berrinba,
Queensland, Australia



Located approximately 28 kilometres south from the Brisbane CBD within the Berrinba Industrial Estate, the single-storey warehouse enjoys close proximity to main arterial roads including the Logan Motorway (M2), Mount Lindsay Highway and Browns Plains Road. The property is well located with both frontage and access to Kellar Street and Wayne Goss Drive. The property comprises a modern industrial facility constructed in 2008, including a two-level office and warehouse providing clear span accommodation with a minimum internal clearance height of 10.5 metres. The warehouse is accessible via multiple on grade, recessed access points and is fully sprinklered. The site includes a 750 sqm canopy and three concrete crossovers for ingress and egress.

PROPERTY DETAILS	
Valuation	S\$11.6 million (A\$12.05 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$12.8 million (A\$12.2 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	179,866 square feet
Gross Floor Area	79,783 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.44
Lease Type	Single-tenant
Tenant	DHL Supply Chain (Australia) Pty Limited
Occupancy	100%

3 SANITARIUM DRIVE

3 Sanitarium Drive, Berkeley Vale,
New South Wales, Australia



Located approximately 86 kilometres north of the Sydney CBD, and in close proximity to the Pacific Motorway (M1) (Sydney – Newcastle Freeway), the property comprises three interconnected buildings connected by an enclosed cross-dock loading area. The warehouse components are fully sprinklered and provide variable internal clearances of between 8.6 and 12.1 metres. The site also includes an ancillary office and extensive hardstand areas.

67-93 NATIONAL BOULEVARD

67-93 National Boulevard,
Campbellfield, Victoria, Australia



Located approximately 23 kilometres north of the Melbourne CBD, the location is well regarded as an industrial precinct with good access to main arterial thoroughfares including the Western Ring Road, Hume Highway and Sydney Road and close proximity to Melbourne Airport. The property comprises a modern industrial facility, constructed in 2007, with 2 freestanding office warehouse buildings. The two single-storey warehouse facilities are fully sprinklered with high internal clearance of approx. 7.5 to 10.0 metres and include concrete hardstands and six crossovers for ingress and egress.

PROPERTY DETAILS	
Valuation	S\$32.6 million (A\$34.0 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$35.6 million (A\$34.0 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	699,122 square feet
Gross Floor Area	298,830 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.43
Lease Type	Single-tenant
Tenant	Mars Australia Pty Ltd
Occupancy	100%

PROPERTY DETAILS	
Valuation	S\$26.9 million (A\$28.0 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$29.2 million (A\$27.9 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	546,144 square feet
Gross Floor Area	243,350 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.45
Lease Type	Multi-tenant
Major Tenants	AJ Baker & Sons Pty Limited Toll Transport Pty Ltd
Occupancy	100%

WAREHOUSE PROFILES

41-51 MILLS ROAD

41-51 Mills Road, Braeside,
Victoria, Australia



Located in a well-regarded industrial precinct in Braeside approximately 27 kilometres south east of the Melbourne CBD, the single-storey warehouse enjoys close proximity to main arterial roads including the Eastlink (M3) motorway, Monash Freeway (M1) and Springvale and Lower Dandenong Roads with dual street access from Mills Road. The property comprises a single level office, fully sprinklered warehouse of steel frame construction with clearance height of up to 7.4 metres and four loading area canopies on the eastern elevation.

PROPERTY DETAILS	
Valuation	S\$28.3 million (A\$29.5 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$30.8 million (A\$29.4 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	570,492 square feet
Gross Floor Area	349,222 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.61
Lease Type	Multi-tenant
Major Tenants	Ball & Dogget Pty Ltd ACME Properties Pty Limited
Occupancy	95%

41-45 HYDRIVE CLOSE

41-45 Hydrive Close, Dandenong South,
Victoria, Australia



Located approximately 44 kilometres south east from the Melbourne CBD and approximately 5 kilometres south of the Dandenong City Centre, the single-storey warehouse enjoys close proximity to main arterial roadways including the South Gippsland Highway and Eastlink (M3) motorway. The property comprises a freestanding two-level office building and cross-dock warehouse distribution centre of portal steel frame construction, concrete slab flooring, and metal deck cladding with drive around access. Additional improvements include concrete paved hardstand of approximately 5,200 sqm, a single crossover for ingress and egress and paved car parking.

PROPERTY DETAILS	
Valuation	S\$11.4 million (A\$11.9 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$12.5 million (A\$11.9 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	322,597 square feet
Gross Floor Area	93,858 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.29
Lease Type	Single-tenant
Tenant	Carter Holt Harvey Wood Products Australia Pty Ltd
Occupancy	100%

76-90 LINK DRIVE

76-90 Link Drive, Campbellfield,
Victoria, Australia



The asset is located approximately 23 kilometres north of the Melbourne CBD in a well-regarded industrial precinct with good access to main arterial thoroughfares including the Western Ring Road (M80), Hume Highway (the main arterial connection between Sydney and Melbourne) and Sydney Road and Melbourne Airport. The property is made up of two separately partitioned warehouses, each with an office component and serviced by a central loading dock. Additional improvements include concrete hardstand and five crossovers for ingress and egress.

PROPERTY DETAILS	
Valuation	S\$12.1 million (A\$12.6 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$13.2 million (A\$12.6 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	230,350 square feet
Gross Floor Area	112,384 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.49
Lease Type	Single-tenant
Tenant	Top Cat Installations Pty Ltd
Occupancy	100%

196 VIKING DRIVE

196 Viking Drive, Wacol,
Queensland, Australia



The site is located within the established industrial suburb of Wacol, approximately 22 kilometres south west by road from the Brisbane CBD with close proximity to the Ipswich Motorway, Logan Motorway and Centenary Highway. The property comprises a detached two-level office component with a fully sprinklered modern single-storey warehouse with high clearance of approx. 9.0 metres, 11 roller shutter doors and gantry cranes. The facility also accommodates 3,025 sqm of sealed bitumen and 7,700 sqm of concrete hardstand.

PROPERTY DETAILS	
Valuation	S\$14.6 million (A\$15.2 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$15.6 million (A\$14.9 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	372,004 square feet
Gross Floor Area	61,452 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.17
Lease Type	Single-tenant
Tenant	Penske Power Systems Pty Ltd
Occupancy	100%

WAREHOUSE PROFILES

16-24 WILLIAM ANGLISS DRIVE

16-24 William Angliss Drive, Laverton North,
Victoria, Australia



The property is located in the industrial suburb of Laverton North approximately 22 kilometres from the Melbourne CBD with close proximity to the Western Ring Road (M80) and Princes Freeway (M1). Constructed in 2001, the facility comprises two warehouses with accompany offices and each have separate hardstand areas and driveway access points from William Angliss Drive. Additional site improvements include five crossovers for ingress and egress and paved car parking.

151-155 WOODLANDS DRIVE

151-155 Woodlands Drive, Braeside,
Victoria, Australia



Located in the south eastern industrial precinct within the suburb of Braeside approximately 28 kilometres from the Melbourne CBD, this single-storey warehouse enjoys close proximity to main arterial roads including the Eastlink (M3) motorway and the Monash Freeway (M1). The warehouse is fully sprinklered, includes a canopy, 11 roller shutter doors and has an internal clearance height of 9.0 – 11.0 metres. Additional improvements include a concrete hardstand and a single crossover for ingress and egress.

PROPERTY DETAILS

Valuation	S\$18.0 million (A\$18.7 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$19.6 million (A\$18.7 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	344,448 square feet
Gross Floor Area	175,714 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.51
Lease Type	Multi-tenant
Major Tenants	Cummins South Pacific Pty Ltd Melbourne Transport & Warehousing Pty Ltd MTAW Maintenance Services Pty Ltd
Occupancy	100%

PROPERTY DETAILS

Valuation	S\$15.4 million (A\$16.0 million)
Valuation Date	31 December 2018
Purchase Consideration	S\$16.8 million (A\$16.0 million)
Acquisition Date	15 February 2018
Property Type	Single-storey warehouse with ancillary office space
Leasehold Title Expiry	Freehold
Land Area	263,718 square feet
Gross Floor Area	119,203 square feet
Maximum Plot Ratio	–
Current Plot Ratio	0.45
Lease Type	Single-tenant
Tenant	Kadac Pty Ltd
Occupancy	100%

CORPORATE DIRECTORY

MANAGER

ARA Trust Management (Cache) Limited

5 Temasek Boulevard #12-01
Suntec Tower Five
Singapore 038985
Tel: (65) 6835 9232
Fax: (65) 6835 9672
Email: cache-enquiry@ara-group.com
Website: www.cache-reit.com

BOARD OF DIRECTORS

Lim How Teck

Chairman and Non-Executive Director

Chia Nam Toon

Non-Executive Director

Lim Lee Meng¹

Lead Independent Non-Executive Director

Lim Kong Puay

Independent Non-Executive Director

Oh Eng Lock²

Independent Non-Executive Director

Lim Hwee Chiang John³

Non-Executive Director

Moses K. Song³

Non-Executive Director

Lim Ah Doo³

Lead Independent Non-Executive Director

Stefanie Yuen Thio³

Independent Non-Executive Director

AUDIT COMMITTEE

Lim Lee Meng¹

Chairman

Lim Kong Puay

Member

Oh Eng Lock²

Member

PROPERTY MANAGER

Cache Property Management Pte. Ltd.

Registered and Mailing Address

5 Temasek Boulevard #12-01
Suntec Tower Five
Singapore 038985
Tel: (65) 6513 3160
Fax: (65) 6587 4552

Notes:

- ¹ Lim Lee Meng was appointed as Lead Independent Non-Executive Director and Chairman of the Audit Committee on 15 March 2019.
- ² Oh Eng Lock was appointed as Independent Non-Executive Director and a member of the Audit Committee on 15 March 2019.
- ³ As part of the Board's renewal process, the following directors have stepped down as follows:
 - Lim Hwee Chiang John and Moses K. Song as Non-Executive Director of the Manager with effect from 1 January 2019.
 - Lim Ah Doo and Stefanie Yuen Thio as Independent Non-Executive Director of the Manager with effect from 15 March 2019.

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
Fax: (65) 6534 5526

COMPANY SECRETARIES

Yeoh Kar Choo Sharon
Chiang Wai Ming

TMF Singapore H Pte. Ltd.

38 Beach Road
South Beach Tower #29-11
Singapore 189767
Tel: (65) 6808 1600
Fax: (65) 6808 1616

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard #28-00
Singapore 018989
Tel: (65) 6890 7188
Fax: (65) 6327 3800

AUDITOR

KPMG LLP

16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388

Partner-in-charge: Lim Jek

(appointed with effect from financial year ended 31 December 2018)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

STOCK EXCHANGE QUOTATION

SGX Stock Code: K2LU
Bloomberg Code: CACHE SP
Reuters Code: CALT.SI

WEBSITES

www.cache-reit.com
www.ara-group.com

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Cache Logistics Trust (“Cache”) is a Real Estate Investment Trust (“REIT”) listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 12 April 2010. Cache is managed by ARA Trust Management (Cache) Limited (the “Manager”). The Manager is a wholly-owned subsidiary of ARA Asset Management Limited (“ARA”).

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, a first amending and restating deed dated 13 April 2016, and a fourth supplemental deed dated 31 May 2018) (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 “2012 CG Code”). In keeping its commitment to good corporate governance, the Manager has taken steps to align its corporate governance framework with recommendations of the revised Code of Corporate Governance issued by the MAS on 6 August 2018 (the “2018 CG Code”) and the revised listing manual of SGX-ST which is effective since 1 January 2019 (the “Listing Manual”).

While the 2018 CG Code will only take effect for the annual report for the financial year beginning 1 January 2019, Cache has already complied with several of the revised guidelines, including conflict recusal, disclosure of the Board Committees’ terms of reference, Director’s training for appointee with no prior listed company experience, Non-Executive Directors comprising majority of the Board, remuneration of any employees who are Substantial Unitholders¹, Audit Committee not comprising former audit partners or directors,

disclosure of Directors’ attendance at general meetings, Investor Relations policy and process, and stakeholder engagement.

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 commentaries 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 2012 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 (the “SF(LCB)R”), 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.

Note:

¹ The term “Substantial Unitholder” refers to a person who has an interest or interests in one or more voting Units (excluding treasury shares) in Cache and the total votes attached to that Unit, or those Units, is not less than 5% of the total votes attached to all voting Units (excluding treasury shares) in Cache.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report (this "Report") describes the Manager's corporate governance framework and practices. The Manager is committed to complying with the principles and guidelines of the 2012 CG Code. Where there are deviations from the principles and guidelines of the 2012 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 and the disclosure of remuneration, an explanation has been provided within this Report.

(A) BOARD MATTERS

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 objective and Management remains accountable to the Board.

The composition of the board of directors of the Manager ("Directors", and the board of Directors, the "Board") as at 31 December 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 Moses K. Song ^{1,2}	Non-Executive Director (Non-Independent)
Mr Chia Nam Toon ²	Non-Executive Director (Non-Independent)
Mr Lim Ah Doo ³	Non-Executive Director and Chairman of the Audit Committee (Lead Independent Director)
Ms Stefanie Yuen Thio ³	Non-Executive Director (Independent)
Mr Lim Lee Meng	Non-Executive Director (Independent)
Mr Lim Kong Puay	Non-Executive Director (Independent)

In line with good corporate governance, with the stepping down of Mr Lim Hwee Chiang John and Mr Moses K. Song on 1 January 2019, a majority of the Board now comprises Independent Directors. Notwithstanding their resignations, both Mr Lim and Mr Song will continue to be actively involved in the business interests of Cache from the perspective of ARA, the holding company of the Manager, and the single largest Unitholder of Cache.

On 15 March 2019, Mr Lim Ah Doo and Ms Stefanie Yuen Thio have stepped down from the Board as Independent Directors who have reached their tenure of nine years. On this same date, Mr Lim Lee Meng is appointed as the Chairman of the Audit Committee and Lead Independent Director, and Mr Oh Eng Lock is appointed as a new Independent Non-Executive Director which maintains the majority of the Board comprising Independent Directors. The appointment of new Directors and their roles allow the Board to refresh itself in an orderly and progressive manner and comply with the applicable regulatory requirements.

The Board is entrusted with responsibility for the overall management of the Manager and its corporate governance, to establish goals for the management of the Manager ("Management") and monitor the achievement of these goals. All Directors must exercise objective judgement in the best interests of Cache.

The Board is also responsible for the strategic business direction and risk management of Cache. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of Directors. The Board has established a framework for the Management and Cache and the framework comprises a system of robust internal controls, risk management processes and clear policies and procedures. The Board also reviews and sets the ethical values and standards of Cache as well as considers sustainability issues relevant to its business environment and stakeholders. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter in adherence with the 2018 CG Code.

Notes:

¹ Resigned on 1 January 2019.

² Appointed on 2 July 2018.

³ Resigned on 15 March 2019.

CORPORATE GOVERNANCE REPORT

The Board has adopted a set of prudent internal controls to safeguard Unitholders' interest and Cache's assets. A set of internal guidelines setting out the level of authorisation and financial authority limits for operating and capital expenditure, capital management, leasing and other corporate matters is adopted to facilitate operational efficiency with oversight by the Board. Apart from matters stated below that specifically require approval from the Board, the Board approves transactions which exceed established threshold limits, and delegates its authority for transactions below those limits to the relevant Board Committees, where appropriate.

Matters that are specifically reserved for the Board's decision and approval include:

- corporate strategies and policies of Cache;
- financial restructuring;
- any material acquisitions and disposals;
- annual budget;
- release of quarterly and full year results;
- audited financial statements;
- issue of new Units in Cache ("Units");
- income distributions and other returns to Unitholders; and
- Interested Person Transactions (i.e. as defined below) of a material nature.

Board Committee

The Board is supported by its Board Committees, in particular, the audit committee ("Audit Committee"), which assists the Board in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to the Audit Committee, and its composition, terms of reference and summary of its activities are described in this Report.

The Board accepts that while the Board Committees have the authority to examine particular issues in their specific areas respectively, the Board Committees shall report to the Board with their decision(s) and/or recommendation(s) and the ultimate responsibility on all matters lies with the Board.

The Board meets regularly to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary). Where necessary, additional meetings would be held to address significant transactions or issues requiring the Board's attention. The Constitution of the Manager allows for Directors to convene meetings via teleconferencing, video conferencing or other similar means of communication.

Directors may request for briefings and discussions with Management on any aspect of Cache's operations, and may request for any additional reports and documents requiring the Board's attention. When circumstances require, Board members may exchange views outside the formal environment of Board meetings.

There were five Board meetings held during the financial year ended 31 December 2018 ("FY2018"). In FY2018, there was an additional ad-hoc Board meeting held in May 2018. The attendance of the Directors at Board meetings and Board Committees meetings, as well as the frequency of such meetings, are disclosed in this Report.

Directors' attendance at Board and Audit Committee Meetings in FY2018 are disclosed below:

Directors	Board Meetings Participation	Board Meetings	Audit Committee Meetings	
		Attendance / Number of Meetings ⁴	Participation	Attendance / Number of Meetings
Mr Lim How Teck	Chairman	5/5	NA	-
Mr Lim Hwee Chiang John ¹	Member	4/5	NA	-
Mr Moses K. Song ²	Member	2/2	NA	-
Mr Chia Nam Toon ²	Member	2/2	NA	-
Mr Jimmy Yim Wing Kuen ^{3,5}	Member	1/3	NA	-
Mr Loi Pok Yen ^{3,5}	Member	1/2	NA	-
Mr Lim Ah Doo	Member	4/5	Chairman	3/4
Ms Stefanie Yuen Thio ⁵	Member	4/5	Member	4/4
Mr Lim Lee Meng	Member	4/5	Member	4/4
Mr Lim Kong Puay	Member	5/5	Member	4/4

Notes:

- ¹ Alternate – Mr Moses K. Song.
- ² Appointed on 2 July 2018.
- ³ Resigned on 2 July 2018.
- ⁴ An additional ad hoc meeting was held on 24 May 2018.
- ⁵ Due to potential conflict of interest, Messrs Jimmy Yim Wing Kuen, Loi Pok Yen and Stefanie Yuen Thio had abstained and not attended the ad-hoc meeting held on 24 May 2018.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on Cache and its disclosure obligations, the Directors are briefed on such changes either during a Board meeting, at specially convened sessions by external auditors, lawyers and professionals, or via circulation of Board papers. Relevant regulatory updates and news releases issued by SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information.

CORPORATE GOVERNANCE REPORT

The Directors receive regular training and are able to participate in conferences, seminars or any training programme in connection with their duties such as those conducted by the Singapore Institute of Directors. A list of training courses and seminars which might be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors will be borne by the Manager.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of Cache and its strategic directions and policies. The Manager notes the new requirement under the 2018 CG Code and Listing Manual on the training requirements for directors with no prior experience on listed companies. Mr Chia Nam Toon was appointed as a Non-Executive Director with effect from 2 July 2018 and Mr Oh Eng Lock was appointed as an Independent Non-Executive Director with effect from 15 March 2019. Both Directors have prior experience acting as directors of listed companies.

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% Unitholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises five members: two Non-Executive Directors and three Independent Non-Executive Directors. Non-Executive Directors make up the entire Board, which is in line with the 2018 CG Code (i.e. recommending a majority). Each Director is a well-respected individual from the corporate industry and/or industry circles with diverse experience and network.

The Chairman of the Board is Mr Lim How Teck.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board should be a Non-Executive Director;
2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and
3. at least half the Board should comprise Independent Directors.

Independence Composition

The Independent Non-Executive Directors exercise objective judgement on Cache's affairs and are independent from Management. The independence of each Independent Director is reviewed upon appointment and thereafter the Board reviews his or her independence declaration annually with reference to the principles and guidelines set out in the 2012 CG Code and applicable laws and regulations.

The assessment of a Director's independence takes into account the enhanced independence requirements and the definition of "independent director" as set out in the SF(LCB)R. An independent director is one who: (i) has no relationship with the Manager, its related corporations and its shareholders who hold 10.0% or more of the voting shares of the Manager, or Unitholders who hold 10% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgment, in the best interests of Unitholders; (ii) is independent from any management and business relationship with the Manager and Cache, and from every substantial shareholder of the Manager and every substantial Unitholder; (iii) is not a substantial shareholder of the Manager or a substantial Unitholder; (iv) has not served on the Board for a continuous period of nine years or longer; and (v) is not employed by the Manager or Cache or their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or Cache or their related corporations for the past three financial years and whose remuneration is determined by the Board. This is also in line with the 2018 CG Code and the revised Listing Manual.

Each Independent Non-Executive Director has declared whether there were any relationships (as defined in the enhanced independence requirements under the SF(LCB)R) or any instances that would otherwise deem him or her not to be independent. None of the Independent Directors has served for a continuous period of nine years or longer on the Board. The independence declarations have been duly reviewed by the Board. On the basis of the declarations of independence provided, the Board has determined that these Independent Non-Executive Directors are independent as defined under the relevant regulations. Each of the Independent Non-Executive Directors has recused himself or herself from reviewing his or her own independence.

Note:

¹ The term "substantial shareholder" refers to a person who has an interest or interests in one or more voting shares (excluding treasury 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 voting shares (excluding treasury shares) in the Manager.

CORPORATE GOVERNANCE REPORT

All Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against Management's goals and objectives. Their views and opinions provide alternative perspectives to Cache's business and enable the Board to make informed and balanced decisions. Non-Executive Directors constructively provide inputs and enable the Board to interact and work with Management to establish strategies.

When reviewing Management's proposals or decisions, the Non-Executive Directors bring their objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors meet without presence of the Management on a needs-basis and provide updates to the Board where necessary.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, and diverse experience and knowledge in business, accounting and finance and management skills critical to Cache's businesses. 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.

A healthy exchange of ideas and views between the Board and Management is carried out during regular meetings and updates to enhance the management of Cache. This, together with a clear separation of roles between the Chairman and Chief Executive Officer ("CEO"), establishes a healthy and professional relationship between the Board and Management.

The Board determines that its current composition of Independent Directors has made up a majority of the Board, which complies with the 2012 CG Code as well as the provisions of the 2018 CG Code, as the Chairman is a non-independent director. In addition, the Board continuously reviews its composition to enhance its independence, in consideration of the following factors:

(i) there are three Independent Non-Executive Directors and two Non-Executive Directors, out of a total of five members. Independent Non-Executive Directors make up 60% of the Board and Non-Executive Directors make up 100% of the Board;

- (ii) there is a newly appointed Independent Non-Executive Director in March 2019, who brings fresh independent perspective to the Board;
- (ii) the Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service not being 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, and (d) other factors described in Principles 2 and 4 of this Report;
- (iv) a separate Lead Independent Director has been appointed given that the Chairman is a non-independent director. The Lead Independent Director serves in a lead capacity to co-ordinate 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 Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

Based on the above assessment, the Board is of the view that the current composition of Directors who, as a group, provide the diversity in respect of skills, experience, gender, age and knowledge of Cache and that the current Board size is appropriate, taking into consideration of the nature and scope of the Cache's operations. The Board believes that in spirit it has adhered to Principle 2 in terms of board composition and guidance, and the Board would continue to review its composition to ensure that it is able to exercise sound, objective and independent judgement in the interests of Cache and its Unitholders. In addition, prior approval of the MAS is required for appointment of any Board member or the CEO.

Profiles of the Directors and other relevant information are set out on pages 14 to 18 and page 95 of this Annual Report. There were no Alternate Directors as at the end of FY2018.

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.

CORPORATE GOVERNANCE REPORT

The roles of Chairman and CEO are separate and held by Mr Lim How Teck and Mr Daniel Cerf respectively. The Chairman and the CEO are not immediate family members. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability.

The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and a high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions in relation to the management of Cache in accordance with the objectives established by the Board. The CEO is a licensed representative approved by the MAS and is resident in Singapore.

Separately, a Lead Independent Director is available to Unitholders when they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate.

BOARD MEMBERSHIP

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

The Board has not established a nominating committee as the Board, taking into account the activities of Cache and its current Board composition, considers that the objectives of a nominating committee are currently achieved by the Board. Therefore a separate committee, comprising a majority of Independent Directors, is not necessary. Accordingly, the Board has assessed its independence element under Principle 2 and is of the view that it can effectively perform the role of a nominating committee.

The Board performs the various functions of the nominating committee, including:

- tabling nominations to the Board, taking into account the succession plan and framework for the Chairman and CEO;
- reviewing the structure, size, and composition of the Board;
- reviewing the overall performance and progress;
- reviewing the independence of Board members; and
- ensuring that there is professional development of Board members.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. This is evident in the changes to the Board composition in FY2018, and subsequently in 2019, as described under Principle 1.

Process for Appointment of New Directors

When reviewing and recommending the appointment of new Directors, the Board takes into consideration the current Board's size and mix, and the principles outlined in the subsequent part of this Report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of Cache, as well as the relevant background of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable.

Criteria for Appointment of New Director

The Board reviews each candidate's ability to contribute to the proper guidance of the Manager in its management of Cache, including attributes such as complementary experience, time commitment, financial literacy, reputation and whether he or she is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be competent, honest, to have integrity and be financially sound). The Board determines whether its members as a whole have the skills, knowledge and experience required to achieve the objectives of Cache.

The Board unanimously approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. For re-appointment of Directors, the Board assesses the relevant Directors based on the same process as above and they shall be re-elected at the Annual General Meeting of the Manager. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or re-appointment. In identifying potential candidates for directorship on the Board of the Manager, the selection criteria and process of appointment were observed for the newly appointed directors as described under Principle 1.

CORPORATE GOVERNANCE REPORT

Review of Director's Independence

The Board undertakes the role of determining the independence status of the Directors as described under Principle 2. The independence of each director is reviewed prior to appointments and thereafter annually. In FY2018, the Board has reviewed and determined that Mr Lim Ah Doo, Ms Stefanie Yuen Thio, Mr Lim Lee Meng and Mr Lim Kong Puay are independent and are free from any of the relationships stated in the guidelines of the 2012 CG Code and the SF(LCB)R. The Board has also, prior to his appointment, received a declaration of independence, reviewed and determined that Mr Oh Eng Lock is considered to be independent and free from any of the relationships stated in the above relevant regulations.

Annual Review of Directors Time Commitments

Although the Directors have other listed company board representations and principal commitments, the Board has determined that each individual Director has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Manager. In FY2018, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of Cache. The Board has also procured written confirmations from the Directors stating that they are able to carry out their duties as Directors of the Manager and they would address any competing time commitments that may arise, despite their multiple Board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold.

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 Board believes that performance of the whole Board, Board Committee and individual Directors are assessed and reflected in their proper guidance, diligent oversight, able leadership and support that it lends to Management. The Board takes the lead to steer Cache in the appropriate direction under both favourable and challenging market conditions. Ultimately, the interests of Cache are safeguarded and reflected in the maximisation of Unitholders' value in the long-term performance of Cache.

Contributions by individual Board members are assessed based on various criteria, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and the amount of time and effort committed to Cache's affairs.

The Board continuously assesses its effectiveness as a whole throughout the year and is of the view that its composition, processes, performance and attendance of the Board, Board Committees and Directors were satisfactory and had met the Board's expectations. 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 Board meetings and on an on-going basis, Management provides complete, adequate and timely information to the Board on Cache's affairs and issues that require the Board's decision. Explanatory background information relating to matters brought before the Board includes quarterly results announcements, budgets, and documents related to the operational and financial performance of Cache.

The CEO keeps all Board members abreast of key developments and material transactions affecting Cache so that the Board is kept fully aware of its affairs, and the business, financial environment and risks faced by Cache and the Manager. All Directors have independent and unrestricted access to Management, the Company Secretaries, as well as the internal auditors and external auditors at all times.

Board meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. Board papers are generally circulated at least three days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board include financial results, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit Committee and the Board regularly. If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the chairman of the relevant Board Committee of his or her views on the matters to be discussed and conveyed to the other Directors at the meetings. Where appropriate, Management will be requested to attend meetings of the Board and Board Committees in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have.

CORPORATE GOVERNANCE REPORT

The Company Secretaries and/or her authorised designate(s) attend(s) all Board meetings and assist(s) the Board in ensuring that Board procedures and all other rules and regulations applicable to the Manager are complied with. The Company Secretaries advises the Board on governance matters and works with the Chairman to ensure that information flows within the Board and the Board Committees, and between Management and the Directors. The Company Secretaries will also assist with professional development and training for Directors when required to do so. The appointment and the removal of the Company Secretaries shall be reviewed by the Board.

The Manager has in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice as and when necessary, in furtherance of their duties, with expenses borne by the Manager. The appointment of such independent professional advisors is subject to approval by the Board.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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 Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficient strong independence to perform the role of a remuneration committee. Accordingly, Board has considered that a separate remuneration committee, 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 framework for the remuneration, compensation, benefits and succession planning for the Directors and key management executives of the Manager.

Remuneration Framework

The Manager advocates a performance-based remuneration framework. In adopting the remuneration policies and practices of ARA, the Manager ensures that such remuneration policies take into account achieving the long-term success of Cache, which:

- comprise a variable component of key performance indicators ("KPIs") that are tied to the financial performance of Cache and individuals' performance related to the organisational goals, aligning with the interests of the Unitholders;
- comprise a fixed pay component that is benchmarked against the market to maintain competitiveness; and
- attract and retain talented staff while considering the prevailing market conditions within the industry.

Link Between Pay and Performance

A comprehensive and structured performance assessment is carried out annually for the CEO and key management executives of the Manager. At the start of the year, KPIs for the CEO and key management executives are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time-bound. The KPIs could be on financial and non-financial metrics such as performance related to distribution per Unit, net asset value and net property income. 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 KPIs. The overall assessment is based on a rating scale, where the variable year-end bonus for the CEO and key management executives are determined.

In addition to the base salary and a variable year-end bonus, designated key management executives of the Manager participate in a Performance Based Bonus Scheme (the "Scheme"). Under the Scheme, designated key management 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 the returns to Unitholders. The incentive payments are paid in cash and allocated amongst the designated key management executives based on various factors and conditions, including seniority, length of service, performance and contributions.

CORPORATE GOVERNANCE REPORT

The remuneration of CEO and key management executives is not linked to the gross revenue of Cache. The Board also has access to independent remuneration consultants as and when required.

In FY2018, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management executives.

DISCLOSURE OF 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 remuneration of the Non-Executive Directors for FY2018 comprises entirely Directors' fees paid entirely in cash and the details of the Non-Executive Directors' remuneration are set out below:

Name of Director	Salary (\$\$)	Bonus (\$\$)	Directors' Fees (\$\$)	Others (\$\$)	Total (\$\$)
Mr Lim How Teck	-	-	90,000	-	90,000
Mr Lim Hwee Chiang John ¹	-	-	45,000	-	45,000
Mr Lim Ah Doo ²	-	-	85,000	-	85,000
Ms Stefanie Yuen Thio ²	-	-	65,000	-	65,000
Mr Lim Lee Meng	-	-	65,000	-	65,000
Mr Lim Kong Puay	-	-	65,000	-	65,000
Mr Jimmy Yim Wing Kuen ³	-	-	23,438	-	23,438
Mr Loi Pok Yen ³	-	-	17,630	-	17,630
Mr Moses K. Song ^{1,4}	-	-	-	-	-
Mr Chia Nam Toon ⁴	-	-	-	-	-

Notes:

¹ Resigned on 1 January 2019.

² Resigned on 15 March 2019.

³ Resigned on 2 July 2018.

⁴ Appointed on 2 July 2018.

Directors' fees are established annually based on the Directors' responsibilities on the Board and Board Committees. The remuneration for Directors takes into account the industry practices and norms for Directors to provide stewardship of the Board, while commensurating with their responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration. The

framework for determining the Directors' fees is shown in the table below:

Mainboard	
Chairman	S\$90,000 per annum
Members	S\$45,000 per annum
Audit Committee	
Chairman	S\$40,000 per annum
Members	S\$20,000 per annum

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis; (ii) the remuneration of at least the top five key management executives (who are not directors or the CEO), on a named basis, in bands of S\$250,000 and (iii) the aggregate remuneration of the top five key management personnel (who are not Directors or the CEO). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

- (i) the 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 key management executives so as to minimise potential staff movement which would cause undue disruptions to the management team of Cache;
- (ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Cache;
- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures 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 five key management executives and their performance; and
- (iv) there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Cache, rather than borne by Cache.

There are no employees of the Manager who are immediate family members of a Director or the CEO and whose remuneration exceeds S\$50,000 during the year.

CORPORATE GOVERNANCE REPORT

In alignment with the 2018 CG Code, there are also no employees of the Manager who are Substantial Unitholders, or immediate family members of a Director, the CEO or a Substantial Unitholder, whose remuneration exceeds S\$100,000 during the year.

The key management executives were remunerated wholly in cash in FY2018.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board strives to keep Unitholders updated on Cache's operating and financial matters through quarterly and yearly financial reports as well as announcements on developments in its businesses. Such information would enable Unitholders to make informed investment decisions. Quarterly and yearly results are released to Unitholders within 45 days and 60 days of the reporting periods respectively, through announcements on the SGX-ST and Cache's corporate website. In presenting the financial reports, the Board aims to provide a balanced and understandable presentation of Cache's financial performance, position and prospects.

Management provides the Board with a continual flow of relevant information on the performance of Cache on a timely basis so that the Board may effectively discharge its duties. In addition, Management furnishes 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, the Listing Manual, the CIS Code, and the Trust Deed.

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 Unitholders' interest 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 business strategy. Recognising and managing risks is central to the business and serves to protect

Unitholders' interests and Cache's assets. Cache operates within the overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved and appropriate controls and measures are put in place before the Manager proceeds with the execution.

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

Risk Management Committee

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

A separate risk management committee (the "Risk Management Committee") was established to assist the Audit Committee in assessing the adequacy of internal controls. The Risk Management Committee comprises the CEO, Director of Finance & Operations and the Head of ARA Group Risk Management & Internal Audit Division ("GRM & IA"). GRM & IA is a corporate division of ARA, the holding company of the Manager.

The Risk Management Committee meets regularly to review the Risk Profile of Cache. The Risk Management Committee, which is headed by the CEO, reports to the Audit Committee on overall risk management matters during the Audit Committee meetings quarterly.

The Risk Management Committee identifies the material risks that Cache faces, including strategic, operational, financial, compliance, information technology and sustainability risks, 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 Profiles include strategic, leasing, asset management, financial and compliance risk.

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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 conduct reviews of the adequacy and effectiveness of the risk profiles and material internal controls, addressing financial, operational, compliance, information technology and sustainability risks, as part of the audit plan approved by the Audit Committee. In addition, the external auditors perform tests of certain controls relevant to the preparation of Cache's financial statements. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of Cache's risk management and internal control systems.

The Audit Committee and the Board believe that the internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures put in place to manage the risks are adequate and effective and the residual risks are acceptable.

Role of Board and AC

For the financial year in review, the Board has received written assurances from the CEO and Director of Finance & Operations that (a) 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 (b) Cache's risk management and internal control systems are effective.

In addition, an Internal Assessment Checklist ("1207(10) Checklist") which captures the requirements under Rule 1207(10) of the Listing Manual had 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 auditors 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 ERM Framework established, the 1207(10) Checklist and the reviews conducted by the internal auditors and external auditors, together

with the Management's confirmation on the adequacy and effectiveness of the internal controls, the Board is of the opinion (with the concurrence of the Audit Committee) that, taking into account the nature, scale and complexity of the Manager's operations, the systems of risk management and internal controls addressing financial, operational, compliance, information technology and sustainability risks were adequate and effective to meet the needs of Cache in its current business environment for FY2018, pursuant to Rule 1207(10) of the Listing Manual. In addition, the Audit Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Manager's key management executives who are performing accounting, financial reporting and compliance roles.

Cache has maintained proper records of the discussions and decisions of the Board and the Audit Committee.

Whistle Blowing Policy

Pursuant to the Whistle-Blowing Programme which has been put in place, the Audit Committee reviews arrangements by which staff of the Manager or any other persons may, in confidence, raise their concerns to the Audit Committee about possible improprieties in matters of financial reporting or such other matters in a responsible and effective manner.

The objective of the Whistle-Blowing Programme, as approved by the Audit Committee, is to ensure that arrangements are in place for independent investigation of such concerns and allow appropriate follow-up actions to be taken.

The Audit Committee is guided by the Whistle-Blowing Programme to ensure 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 Audit Committee.

Details of the Whistle-Blowing Programme and arrangements are posted on Cache's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit Committee, and copied to the Head of ARA GRM & IA, to facilitate an independent investigation of any matter raised and appropriate follow-up action as required. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and are also covered as part of the staff's annual declaration of compliance.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

The Board has established an Audit Committee to assist in discharging its corporate governance responsibilities. The Audit Committee's role is to assist the Board in ensuring the integrity of the financial reporting and that sound internal controls are put in place. In adhering to best practices of corporate governance, all members of the Audit Committee (including the Audit Committee Chairman) are Independent Directors.

The Audit Committee currently comprises three Independent Non-Executive Directors, namely:

- Mr Lim Lee Meng (Chairman)¹
- Mr Lim Kong Puay (Member)
- Mr Oh Eng Lock (Member)²

Notes:

¹ Member appointed as Chairman on 15 March 2019.

² Appointed on 15 March 2019.

Mr Oh Eng Lock was appointed as an Independent Director and a member of the Audit Committee following the resignations of Mr Lim Ah Doo and Ms Stefanie Yuen Thio, who have both reached their tenure of nine years on 15 March 2019.

The members of the Audit Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit Committee Chairman and members of the Audit Committee are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Lim Lee Meng was a former senior partner of an international accounting firm and he was previously on the boards of several Singapore-listed REITs, Mr Lim Kong Puay is a senior corporate executive in the electricity and utilities sector, and Mr Oh Eng Lock has extensive experience in the banking and financial sector and was formerly the CEO and an Executive Director of a listed company.

In compliance with the 2012 CG Code and the 2018 CG Code, the Audit Committee does not comprise any former partner or director of the incumbent external auditors, within the previous two years, or who hold any financial interest in the auditing firm.

Four Audit Committee meetings were held during FY2018.

The Audit Committee is guided by its terms of reference which defines its duties and scope of authority, which is in line with the 2012 CG Code and the 2018 CG Code. Specifically, the duties of the Audit Committee include:

1. reviewing the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;
2. reviewing the adequacy of the internal audit process and effectiveness of Cache's system of risk management and internal controls, including financial, operational, compliance, information technology and sustainability controls;
3. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;
4. reviewing the independence of the internal auditors;
5. reviewing the monitoring procedures put in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
6. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of Cache and any announcements relating to Cache's financial performance;
7. reviewing the assurance from the CEO and the Director of Finance & Operations on the financial records and financial statements;
8. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
9. reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on Cache's operating results or financial position and Management's response;
10. reviewing the assistance given by the Management to the external auditors;

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11. reviewing annually the independence of the external auditors and the aggregate amount of audit and non-audit fees paid to the external auditors for the financial year, and the proposed appointment and removal of the external auditors; and
12. reviewing the monitoring procedures established to regulate Interested Party Transactions and Conflict of Interests (as defined below), including ensuring compliance with the provisions of the Listing Manual relating to transactions between the Trustee and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between the Trustee and an "interested party" (both such types of transactions constituting "Interested Person Transactions"). This includes the requirement to ensure transactions undertaken are on normal commercial terms and not prejudicial to the interests of the Unitholders and that the property manager, as an interested person, is in compliance with the property management agreement.

The Audit Committee has the authority to investigate any matters within its terms of reference. It is entitled to full access and co-operation from Management and has discretion to invite any Director or key management executives of the Manager to attend its meetings. The Audit Committee has full access to resources and is provided with regular updates from external professionals to keep abreast of changes in accounting and regulatory standards.

In FY2018, the Audit Committee had met with the internal auditors and external auditors without the presence of Management. The internal auditors and external auditors may request the Audit Committee to meet if they consider a meeting necessary. Both the internal auditors and external auditors have confirmed that they had full access and had received the co-operation and support of Management, with no restrictions placed on the scope of their audits.

The Audit Committee had reviewed and approved the internal auditors' and external auditors' audit plans to ensure that they were sufficiently comprehensive in scope and address the internal controls of Cache. All audit findings and recommendations by the internal auditors and external auditors were forwarded to the Audit Committee for discussions at the meetings. The Audit Committee 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 Audit Committee concurs with the conclusion of the Management and the external auditors on the key audit matter.

During FY2018, the Audit Committee performed an independent review of the quarterly and full yearly financial statements of Cache. In the process, the Audit Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The external auditors also presented their salient features memorandum to the Audit Committee, covering the audit focus areas, key audit matters findings, quality and independence.

In connection with the ERM Framework under risk management, the Audit Committee had reviewed the approach taken in identifying and assessing risks and internal controls in the risk profile documented and maintained by Management.

The Audit Committee had also conducted a review of all non-audit services provided by KPMG LLP (the "external auditors") and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of audit and non-audit fees paid/payable to the external auditors for FY2018 is disclosed on page 171 of this Annual Report.

The Audit Committee is satisfied that the resources and experience of the audit partner of KPMG LLP and her team are adequate to meet their audit obligations, given the size, nature, operations and complexity of Cache and its subsidiaries. The Audit Committee had assessed the performance of the external auditors based on factors such as performance and quality of their audit and independence. The external auditors had also confirmed their independence in writing to the Audit Committee.

The Audit Committee, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors of Cache at the forthcoming Annual General Meeting ("AGM"). The Manager, on behalf of Cache, confirms that it has complied with the requirements of Rules 712 and 716 of the Listing Manual in respect of the suitability of the auditing firms of Cache and its significant associated companies and subsidiaries.

The Audit Committee had reviewed the Whistle-Blowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee is satisfied that these arrangements are in place for concerns to be raised and investigated independently, and for appropriate follow-up actions to be taken.

CORPORATE GOVERNANCE REPORT

On a quarterly basis, Management reports to the Audit Committee the Interested Person Transactions. All Interested Person Transactions together with the Register of Interested Person Transactions had been reviewed by the Audit Committee.

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 Manager maintains a robust system of internal controls and risk management framework to safeguard Cache's assets and Unitholders' interests and to provide reasonable assurance against misstatement of loss, ensure maintenance of reliable and proper accounting records and comply with relevant legislation.

For FY2018, the internal audit function of the Manager was outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "internal auditors"). The internal auditors are independent of Management and report directly to the Audit Committee on audit matters and to Management on administrative matters.

The Audit Committee is satisfied that the internal auditors had 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. The Audit Committee has assessed the adequacy of the internal auditors and is of the view that the internal auditors had the relevant qualifications and adequate resources to perform its functions effectively and had maintained its independence from the activities that it audits and had unfettered access to all the related documents, records and personnel. The Audit Committee approves the appointment, removal, evaluation and fees of the internal auditors, and conducts an assessment of the internal auditors' performance during re-appointments.

The internal auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in Cache, which include financial, operational, compliance controls, information technology and sustainability. The internal audit plan adopts a risk-based approach covering all business of Cache and support functions of the Manager and property managers. The audit assignments cover the design and operating effectiveness of the internal controls, as well as, compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures and the status of implementation are reported to the Audit Committee.

In addition to the work performed by the internal auditors, the external auditors also performed tests of certain controls that are relevant to the preparation of Cache's financial statements, and reports any significant deficiencies of such internal controls to the Audit Committee.

(D) COMMUNICATION WITH UNITHOLDERS

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

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

Principle 16: Companies should engage greater Unitholder participation at general meetings of Unitholders and allow Unitholders the opportunity to communicate their views on various matters affecting the company.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. In spirit of the disclosure requirements under the Listing Manual, the Manager is committed to keeping all Unitholders and stakeholders informed of the performance and changes in Cache's business, which would materially affect the price of the Units, on a timely basis. The Manager's Investor Relations and Disclosure Policy promotes regular, effective and fair communication through timely and full disclosure of material information by way of public releases or announcements on SGX-ST via SGXNET, and on Cache's website (www.cache-reit.com).

Cache's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on Cache's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link, which shows current and past announcements, financial results and annual reports; (2) "Investors" link which shows Cache's distribution history, historical stock price and research coverage and (3) "Contact Us" link which includes email alerts and contact details. The Whistle Blowing Policy is also published under the Corporate Governance link. As part of the Investor Relations Policy, the Manager has a dedicated Investor Relations Director who facilitates communication with Unitholders, institutional investors, analysts and media representatives. Unitholders can post their queries and feedback to the dedicated investor

CORPORATE GOVERNANCE REPORT

relations contact via email or the phone, which is also in the spirit of the 2018 CG Code.

In FY2018, the Trust Deed was amended to include provisions relating to electronic communications of notices and documents to Unitholders, following the AGM held on 23 April 2018, to be in line with the Listing Manual and the CIS Code.

Unitholders are notified in advance of the date of release of Cache's financial results through an announcement via SGXNET. The Manager conducts regular briefings for analysts and media representatives, which generally coincide with the release of Cache's half-yearly and full year results. During these briefings, Management will present Cache's most recent performance as well as discuss the business outlook for Cache. In line with the Manager's objective of transparent communication, briefing materials are also simultaneously released on SGX-ST via SGXNet and also made available at Cache's website.

In FY2018, Management met with institutional investors and analysts through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participations in seminars and symposiums, timely announcements on SGXNET, Cache's website and the general media, in order to ensure a level playing field.

Unitholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. All Unitholders are entitled to receive the annual reports at least 14 days prior to the AGM. The Manager ensures that Unitholders are able to participate effectively and vote at the general meeting of Unitholders (the "Unitholders' meetings"). In this regard, the Unitholders' meetings are generally held in central locations which are easily accessible by public transportation. Unitholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint in advance up to two proxies to vote on his/her behalf at the meeting through proxy forms sent to the Unitholder. The Manager has not implemented absentia voting methods such as voting via email or fax due to security, integrity and other pertinent considerations. At the Unitholders' 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.

The Directors, Audit Committee, Management and external auditors will be in attendance at these meetings to address questions raised by Unitholders. 7 out of 8 Directors attended the Unitholders' meeting held in FY2018.

Voting at general meetings is conducted by way of electronic poll voting for all the Unitholders/proxies present at the meeting for all resolutions proposed at the general meeting. Unitholders/proxies will be briefed on the procedures involved in conducting a poll. This allows all Unitholders present or represented at the meetings to vote on a one-unit-one-vote basis. An independent scrutineer is appointed to validate the vote tabulation procedures. The voting results of all votes cast for or against each resolution are then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting. The Company Secretaries prepares the minutes of Unitholders' meetings, which incorporate 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.

(E) ADDITIONAL INFORMATION

STAKEHOLDER ENGAGEMENT

In keeping with its commitments to good corporate governance, the Manager has put in place a Sustainable Reporting Framework, which is published on Cache's website. In the report, the Manager focuses on Cache's Economic, Social, and Governance ("ESG") impacts and its progress towards the goal of sustainable management of its real estate portfolio. The Board has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Manager believes in the importance of integrating sustainability into its business strategies and operations in achieving sustainable economic growth and delivering long-term Unitholder value.

The Manager has identified the following as their key stakeholders: Unitholders, Investors, Tenants, Third Party Service Providers, Community, Employees, Government Agencies, Industry Organisations and Associations. The Manager ensures active engagement and frequent communication with the relevant stakeholders through the various engagement channels including meetings, forums and dialogues, general meetings

CORPORATE GOVERNANCE REPORT

and announcements, investor conferences, tenant engagement events, and employee satisfaction surveys. This stakeholder engagement process is in line with the 2018 CG Code.

The Manager is committed to upholding Cache's sustainability practices and creating value for its stakeholders.

Stakeholders can access Cache's Sustainability Report on Cache's website under the "Newsroom" link.

DEALINGS IN CACHE UNITS

The Manager has adopted the ARA Dealing in Securities Policy to guide its Directors, key management executives and employees (collectively referred to as "the Manager's personnel") in respect of dealings in Cache Units.

This policy encourages the Manager's personnel to hold Units (i.e. not to deal for short-term considerations), and prohibits them from dealing in such Units:

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

The Manager's personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, actual or potential conflict between personal interest and duty to the Unitholders. The Manager had confirmed that its Directors, key management executives and employees have adhered to the policy for dealing in the Units for FY2018.

The Manager makes announcements on SGX-ST in respect of any changes of its Unitholdings interest in Cache within one business day. The Manager will not deal in Units during the period commencing two weeks and one month before the public announcement of Cache's quarterly and full year results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information. The Manager confirms that it had complied with Rule 1207(19) of the Listing Manual.

DEALING WITH CONFLICTS OF INTEREST

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

1. the Manager shall be a dedicated manager to Cache and will not manage any other real estate investment trust which invests in the same type of properties as Cache;
2. all management personnel will be employed and work exclusively under the Manager and will not hold other executive positions in other firms;
3. 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;
4. at least half of the Board shall comprise Independent Directors;
5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of Independent Directors and must exclude such interested Directors;
6. 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 Independent Non-Executive Directors and must exclude nominee Directors of ARA and/or its subsidiaries; and
7. 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 have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee

CORPORATE GOVERNANCE REPORT

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 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.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all Interested Person Transactions ("IPT") will be undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of Cache and its Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from independent parties not related to the Manager, or obtaining one 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.

In addition, the following procedures will be undertaken:

1. 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 latest audited net tangible assets will be subject to review by the Audit Committee at regular intervals;
2. 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 latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager. The Manager will, in compliance with Rule 905 of the Listing Manual, announce any IPT if such transaction, either individually or when aggregated with other IPTs 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; and
3. 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 latest audited net tangible assets will be subject to review and approval prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee 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. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

CORPORATE GOVERNANCE REPORT

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 conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interest of Cache and the 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.

Further, the Trustee has the ultimate 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 enter into any agreement with an interested person of the Manager or Cache, the Trustee will review the terms of such agreement to ensure that compliance with the requirements relating to IPTs in the Property Funds Appendix and/or the Listing Manual (in each case, 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 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 IPTs 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 and Internal Control Procedures

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

The Manager maintains a register to record all IPTs (and the basis, including any quotations from unrelated parties and independent valuations obtained to support such basis, on which they are entered into), which are entered into by Cache. The Manager will incorporate into its internal audit plan a review of all IPTs entered into by Cache. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix and the Listing Manual have been complied with. The Audit Committee will periodically review all IPTs to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

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

The Manager will disclose in Cache's annual reports the aggregate value of IPTs conducted during the relevant financial year.

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.

CORPORATE GOVERNANCE REPORT

DATES OF INITIAL APPOINTMENT OF DIRECTORS IN ARA 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 2018)	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 Raffles Education Corporation Limited	ARA Asset Management Limited Swissco Holdings Limited Rickmers Trust Management Pte. Ltd. (trustee-manager of Rickmers Maritime)
Lim Hwee Chiang John ¹	Non-Executive Director	15 October 2009 / 23 April 2018	Teckwah Industrial Corporation Ltd	ARA Asset Management Limited
Chia Nam Toon	Non-Executive Director	2 July 2018 / N.A.	Nil	Ascendas Funds Management (S) Limited
Lim Ah Doo ²	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 Singapore Technologies Engineering Ltd	Sembcorp Marine Ltd
Stefanie Yuen Thio ²	Independent Non-Executive Director	18 March 2010 / 19 April 2017	Singapore Medical Group Limited	Nil
Lim Kong Puay	Independent Non-Executive Director	1 January 2016 / 23 April 2018	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 ¹	Non-Executive Director	2 July 2018 / N.A.	Nil	Nil
Oh Eng Lock	Independent Non-Executive Director	15 March 2019 / N.A.	Nil	BreadTalk Group Limited

Notes:
¹ Resigned on 1 January 2019.

² Resigned on 15 March 2019.

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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 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, a first amending and restating deed dated 13 April 2016 and a fourth supplemental deed dated 31 May 2018) (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 103 to 180 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

Singapore
7 March 2019

STATEMENT BY THE MANAGER

In the opinion of the directors of ARA Trust Management (Cache) Limited (the “Manager”), the accompanying financial statements set out on pages 103 to 180 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 2018, 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 Trust Management (Cache) Limited**

Chia Nam Toon
Director

Singapore
7 March 2019

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, a first amending and restating deed dated 13 April 2016 and a fourth supplemental deed dated 31 May 2018))

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 2018, 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 103 to 180.

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 2018 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.

INDEPENDENT AUDITORS' REPORT

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 2018, the Group has twenty-six (2017: nineteen) properties (collectively "investment properties"). These investment properties are stated at their fair values which amounted to approximately \$1.27 billion (2017: \$1.21 billion).

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

The valuation of investment properties requires 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.

How the matter was addressed in our audit:

We assessed the Group's process 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 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 the financial statements.

INDEPENDENT AUDITORS' REPORT

Other information

ARA 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.

INDEPENDENT AUDITORS' REPORT

- 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.

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 Lim Jek.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

7 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current assets					
Investment properties	4	1,269,026	1,137,913	905,800	917,400
Plant and equipment	5	1,274	2,268	1,274	1,964
Subsidiaries	6	–	–	168,445	83,699
		<u>1,270,300</u>	<u>1,140,181</u>	<u>1,075,519</u>	<u>1,003,063</u>
Current assets					
Trade and other receivables	7	5,914	4,763	156,752	57,253
Asset held for sale	4	–	69,000	–	69,000
Derivative assets	11	142	38	142	38
Cash and cash equivalents	8	33,338	14,969	10,795	11,610
		<u>39,394</u>	<u>88,770</u>	<u>167,689</u>	<u>137,901</u>
Total assets		<u>1,309,694</u>	<u>1,228,951</u>	<u>1,243,208</u>	<u>1,140,964</u>
Current liabilities					
Trade and other payables	9	14,889	15,157	11,255	13,428
Interest-bearing borrowings	10	28,098	124,993	–	124,993
Provision	12	664	–	664	–
Derivative liabilities	11	117	1,071	94	1,071
		<u>43,768</u>	<u>141,221</u>	<u>12,013</u>	<u>139,492</u>
Non-current liabilities					
Trade and other payables	9	4,215	1,091	4,215	1,091
Interest-bearing borrowings	10	442,082	319,670	395,635	238,708
Derivative liabilities	11	4,925	951	4,768	686
Deferred tax liabilities		–	350	–	–
		<u>451,222</u>	<u>322,062</u>	<u>404,618</u>	<u>240,485</u>
Total liabilities		<u>494,990</u>	<u>463,283</u>	<u>416,631</u>	<u>379,977</u>
Net assets		<u>814,704</u>	<u>765,668</u>	<u>826,577</u>	<u>760,987</u>
Represented by:					
Unitholders' funds		713,157	765,668	725,030	760,987
Perpetual securities holders' funds	13	101,547	–	101,547	–
		<u>814,704</u>	<u>765,668</u>	<u>826,577</u>	<u>760,987</u>
Units in issue and to be issued ('000)	14	<u>1,077,881</u>	<u>1,069,700</u>	<u>1,077,881</u>	<u>1,069,700</u>
Net asset value per Unit (\$)	22	<u>0.66</u>	<u>0.72</u>	<u>0.67</u>	<u>0.71</u>

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gross revenue	16	121,540	111,960	91,947	93,452
Property expenses	17	(30,616)	(24,669)	(26,105)	(22,114)
Net property income		90,924	87,291	65,842	71,338
Dividend income		–	–	12,675	8,256
Finance income		150	40	6,386	2,501
Finance expenses		(18,555)	(18,651)	(15,523)	(15,535)
Net financing costs	18	(18,405)	(18,611)	(9,137)	(13,034)
Manager's fees	19	(8,138)	(7,560)	(8,138)	(7,560)
Trustee fees		(598)	(525)	(406)	(377)
Valuation fees		(121)	(138)	(46)	(88)
Other trust expenses	20	(13,467)	(2,415)	(12,778)	(1,722)
		(22,324)	(10,638)	(21,368)	(9,747)
Net income		50,195	58,042	48,012	56,813
Gain on disposal of investment property		2,735	–	2,735	–
Gain/(loss) on disposal of a subsidiary		118	–	(632)	–
Net change in fair value of investment properties	4	(21,770)	(31,775)	(18,090)	(34,783)
Net change in fair value of financial derivatives		943	(1,037)	943	(1,037)
Total return for the year before tax and distribution		32,221	25,230	32,968	20,993
Tax expense	21	(2,532)	(1,310)	(1,633)	(1,129)
Total return for the year after tax, before distribution		29,689	23,920	31,335	19,864
Total return for the year after tax, before distribution, attributable to:					
Unitholders of the Trust		24,656	23,920	26,302	19,864
Perpetual securities holders		5,033	–	5,033	–
		29,689	23,920	31,335	19,864
Earnings per Unit (cents)	23				
Basic		2.30	2.46	2.45	2.05
Diluted		2.29	2.45	2.44	2.04

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Amount available for distribution to Unitholders at beginning of year		17,092	16,671	17,092	16,671
Total return for the year after tax, before distribution		29,689	23,920	31,335	19,864
Less: Amount reserved for distribution to perpetual securities holders		(5,033)	–	(5,033)	–
Net tax and other distribution adjustments	A	18,577	40,483	35,939	44,539
Taxable income		43,233	64,403	62,241	64,403
Tax-exempt income (Australia and China)		19,008	–	–	–
Capital distribution		1,168	1,612	1,168	1,612
Income available for distribution		80,501	82,686	80,501	82,686
Distributions made during the year:					
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)
Distribution of 1.597 cents per Unit for the period from 1 October 2017 to 31 December 2017		(17,079)	–	(17,079)	–
Distribution of 1.507 cents per Unit for the period from 1 January 2018 to 31 March 2018		(16,145)	–	(16,145)	–
Distribution of 1.419 cents per Unit for the period from 1 April 2018 to 30 June 2018		(15,228)	–	(15,228)	–
Distribution of 1.475 cents per Unit for the period from 1 July 2018 to 30 September 2018		(15,858)	–	(15,858)	–
Total distributions made during the year		(64,310)	(65,594)	(64,310)	(65,594)
Amount available for distribution to Unitholders at end of the year		16,191	17,092	16,191	17,092
Distribution per Unit (cents)	23	5.903	6.583	5.903	6.583

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Note A				
Net tax and other distribution adjustments comprise:				
Manager's fees paid/payable in Units	6,103	5,670	6,103	5,670
Trustee fees	406	525	406	377
Amortisation/write-off of transaction costs	1,533	1,701	1,533	1,577
Commitment fee	245	302	245	302
Gain on disposal of investment property	(2,735)	–	(2,735)	–
(Gain)/loss on disposal of a subsidiary	(118)	–	632	–
Net change in fair value of investment properties	21,770	31,775	18,090	34,783
Net change in fair value of financial derivatives	(943)	1,037	(943)	1,037
Depreciation	616	941	616	829
Deferred taxation	–	(8)	–	–
Net foreign exchange loss	11,599	317	11,599	279
51 Alps Avenue compensation amount ¹	(817)	(1,892)	(817)	(1,892)
Net profit from subsidiaries	(20,291)	–	–	–
Overseas Income not distributed to the Trust	–	–	–	1,440
Other items	1,209	115	1,210	137
Net tax and other distribution adjustments	18,577	40,483	35,939	44,539

Note:

¹ The amount retained (net of relevant expenses) relates to the compensation received for the shortfall in rental, compared to market rent 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 21).

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Unitholders' funds					
Balance at the beginning of year		765,668	701,138	760,987	699,943
Total return for the year after tax, before distribution		29,689	23,920	31,335	19,864
Less: Amount reserved for distribution to perpetual securities holders		(5,033)	–	(5,033)	–
Effective portion of changes in fair value of cash flow hedge		(3,969)	934	(4,053)	999
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(14,256)	(505)	–	–
Net (loss)/gain recognised directly in Unitholders' funds		(18,225)	429	(4,053)	999
Disposal of a subsidiary		(736)	–	–	–
Unitholders' transactions					
Units issued:					
- Manager's base fees paid in Units		3,843	3,527	3,843	3,527
- Units issued pursuant to Rights Issue		–	102,742	–	102,742
Units to be issued:					
- Manager's base fees payable in Units		1,238	1,161	1,238	1,161
- Manager's performance fees payable in Units		1,023	982	1,023	982
Issue expenses in relation to the Rights Issue	24	–	(2,637)	–	(2,637)
Distributions to Unitholders		(64,310)	(65,594)	(64,310)	(65,594)
Net (decrease)/increase in net assets resulting from Unitholders' transactions		(58,206)	40,181	(58,206)	40,181
Balance at the end of year		713,157	765,668	725,030	760,987
Perpetual securities holders' funds					
Balance at the beginning of year		–	–	–	–
Issue of perpetual securities	13	100,000	–	100,000	–
Issue costs		(759)	–	(759)	–
Amount reserved for distribution to perpetual securities holders		5,033	–	5,033	–
Distribution to perpetual securities holders		(2,727)	–	(2,727)	–
Balance at the end of year		101,547	–	101,547	–

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Group	Description of property	Type	Lease term for underlying land	Location	← Committed → occupancy rate as at		← Carrying values → as at		← % of net assets → as at	
					31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
					%	%	\$'000	\$'000	%	%
Singapore										
	CWT Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	86	100	307,300	318,000	43.1	41.5
	Cache Cold Centre	Logistics	30 years wef 20 December 2005 ¹	2 Fishery Port Road, Singapore	91	87	130,200	130,000	18.3	17.0
	Schenker Megahub	Logistics	30 years wef 1 June 2005 ¹	51 Alps Avenue, Singapore	100	100	82,600	78,500	11.6	10.3
	Hi-Speed Logistics Centre ³	Logistics	30 years wef 16 August 2005 ¹	40 Alps Avenue, Singapore	–	80	–	69,000	–	9.0
	Cache Changi Districentre 1	Logistics	30 years wef 16 August 2005 ¹	5 Changi South Lane, Singapore	100	91	95,800	89,900	13.4	11.7
	Cache Changi Districentre 2	Logistics	30 years wef 16 February 1996 ¹	3 Changi South Street 3, Singapore	66	37	15,900	16,200	2.2	2.1
	Air Market Logistics Centre	Logistics	30 years wef 1 February 2007 ²	22 Loyang Lane, Singapore	100	100	11,400	12,000	1.6	1.6
	Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	35,400	4.9	4.6
	Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	92	93	43,300	44,000	6.1	5.8
	Precise Two	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	33,400	43,100	4.7	5.6
Balance carried forward							754,500	836,100	105.9	109.2

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Group (continued)				← Committed → occupancy rate as at		← Carrying values → as at		← % of net assets → as at	
Description of property	Type	Lease term for underlying land	Location	31	31	31	31	31	31
				December 2018	December 2017	December 2018	December 2017	December 2018	December 2017
				%	%	\$'000	\$'000	%	%
Singapore (continued)									
Balance brought forward						754,500	836,100	105.9	109.2
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	151,300	150,300	21.2	19.6
China									
Jinshan Chemical Warehouse ⁴	Logistics	50 years wef 18 September 2006	288 Gongchuang Road, Shanghai, China	–	100	–	16,026	–	2.1
Australia									
127 Orchard Road, Chester Hill, New South Wales, Australia	Logistics	Freehold	127 Orchard Road, Chester Hill, New South Wales, Australia	100	100	42,476	44,374	6.0	5.8
16 – 28 Transport Drive, Somerton, Victoria, Australia	Logistics	Freehold	16 – 28 Transport Drive, Somerton, Victoria, Australia	100	100	24,477	26,103	3.4	3.4
51 Musgrave Road, Coopers Plains, Queensland, Australia	Logistics	Freehold	51 Musgrave Road, Coopers Plains, Queensland, Australia	92	53	8,063	8,457	1.1	1.1
203 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	203 Viking Drive, Wacol, Queensland, Australia	100	100	27,837	29,235	3.9	3.8
223 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	223 Viking Drive, Wacol, Queensland, Australia	100	100	11,039	11,224	1.5	1.5
404-450 Findon Road, Kidman Park, South Australia, Australia	Logistics	Freehold	404-450 Findon Road, Kidman Park, South Australia, Australia	100	100	56,634	61,602	7.9	8.0
217-225 Boundary Road, Laverton North, Victoria, Australia	Logistics	Freehold	217-225 Boundary Road, Laverton North, Victoria, Australia	100	100	21,886	23,492	3.1	3.1
11-19 Kellar Street, Berrinba, Queensland, Australia	Logistics	Freehold	11-19 Kellar Street, Berrinba, Queensland, Australia	100	–	11,567	–	1.6	–
Balance carried forward						1,109,779	1,206,913	155.6	157.6

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Group (continued)				← Committed →		← Carrying values →		← % of net assets →	
				occupancy rate as at		as at		as at	
Description of property	Type	Lease term for underlying land	Location	31	31	31	31	31	31
				December 2018	December 2017	December 2018	December 2017	December 2018	December 2017
				%	%	\$'000	\$'000	%	%
Australia (continued)									
Balance brought forward						1,109,779	1,206,913	155.6	157.6
3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	Logistics	Freehold	3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	100	–	32,637	–	4.6	–
67-93 National Boulevard, Campbellfield, Victoria, Australia	Logistics	Freehold	67-93 National Boulevard, Campbellfield, Victoria, Australia	100	–	26,877	–	3.8	–
41-51 Mills Road, Braeside, Victoria, Australia	Logistics	Freehold	41-51 Mills Road, Braeside, Victoria, Australia	95	–	28,317	–	4.0	–
41-45 Hydrive Close, Dandenong, Victoria, Australia	Logistics	Freehold	41-45 Hydrive Close, Dandenong, Victoria, Australia	100	–	11,423	–	1.6	–
76-90 Link Drive, Campbellfield, Victoria, Australia	Logistics	Freehold	76-90 Link Drive, Campbellfield, Victoria, Australia	100	–	12,095	–	1.7	–
196 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	196 Viking Drive, Wacol, Queensland, Australia	100	–	14,590	–	2.0	–
16-24 William Angliss Drive, Laverton North, Victoria, Australia	Logistics	Freehold	16-24 William Angliss Drive, Laverton North, Victoria, Australia	100	–	17,950	–	2.5	–
151-155 Woodlands Drive, Braeside, Victoria, Australia	Logistics	Freehold	151-155 Woodlands Drive, Braeside, Victoria, Australia	100	–	15,358	–	2.1	–
Investment properties and asset held for sale						1,269,026	1,206,913	177.9	157.6
Other assets and liabilities (net)						(454,322)	(441,245)	(63.7)	(57.6)
Net assets of the Group						814,704	765,668	114.2	100.0
Perpetual securities holders' funds						(101,547)	–	(14.2)	–
Unitholders' funds						713,157	765,668	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Trust	Description of property	Type	Lease term for underlying land	Location	← Committed → occupancy rate as at		← Carrying values → as at		← % of net assets → as at	
					31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
					%	%	\$'000	\$'000	%	%
Singapore										
	CWT Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	86	100	307,300	318,000	42.4	41.7
	Cache Cold Centre	Logistics	30 years wef 20 December 2005 ¹	2 Fishery Port Road, Singapore	91	87	130,200	130,000	18.0	17.1
	Schenker Megahub	Logistics	30 years wef 1 June 2005 ¹	51 Alps Avenue, Singapore	100	100	82,600	78,500	11.4	10.3
	Hi-Speed Logistics Centre ⁽³⁾	Logistics	30 years wef 16 August 2005 ¹	40 Alps Avenue, Singapore	–	80	–	69,000	–	9.1
	Cache Changi Districentre 1	Logistics	30 years wef 16 August 2005 ¹	5 Changi South Lane, Singapore	100	91	95,800	89,900	13.2	11.8
	Cache Changi Districentre 2	Logistics	30 years wef 16 February 1996 ¹	3 Changi South Street 3, Singapore	66	37	15,900	16,200	2.2	2.1
	Air Market Logistics Centre	Logistics	30 years wef 1 February 2007 ²	22 Loyang Lane, Singapore	100	100	11,400	12,000	1.5	1.6
	Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	35,400	4.8	4.7
	Balance carried forward						677,800	749,000	93.5	98.4

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Trust (continued)				← Committed → occupancy rate as at		← Carrying values → as at		← % of net → assets as at		
Description of property	Type	Lease term for underlying land	Location	31	31	31	31	31	31	
				December 2018	December 2017	December 2018	December 2017	December 2018	December 2017	
				%	%	\$'000	\$'000	%	%	
Singapore (continued)										
Balance brought forward							677,800	749,000	93.5	98.4
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	92	93	43,300	44,000	6.0	5.8	
Precise Two	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	33,400	43,100	4.6	5.6	
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	151,300	150,300	20.8	19.8	
Investment properties and asset held for sale							905,800	986,400	124.9	129.6
Other assets and liabilities (net)							(79,223)	(225,413)	(10.9)	(29.6)
Net assets of the Trust							826,577	760,987	114.0	100.0
Perpetual securities holders' funds							(101,547)	–	(14.0)	–
Unitholders' funds							725,030	760,987	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 was reclassified as Asset held for sale as at 31 December 2017. The divestment transaction was completed on 18 May 2018.

⁴ The divestment transaction was completed on 31 December 2018.

Note:

Investment properties comprise logistics warehouse properties under single-tenant and multi-tenanted lease arrangements.

The carrying amounts of the investment properties as at 31 December 2018 are based on the independent valuations undertaken by Edmund Tie & Company (SEA) Pte Ltd, CIVAS (VIC) Pty Limited and m3property (Vic) Pty Ltd (2017: 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) (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

As at 31 December 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Total return after taxation before distribution		29,689	23,920
Adjustments for:			
Net change in fair value of investment properties		21,770	31,775
Net change in fair value of financial derivatives		(943)	1,037
Manager's fees paid/payable in Units	A	6,103	5,670
Depreciation of plant and equipment		771	941
Net financing costs		18,405	18,611
Foreign exchange loss		11,168	–
Fixed assets written off		–	21
Tax expense		2,532	1,310
Gain on disposal of investment property		(2,735)	–
Gain on disposal of a subsidiary		(118)	–
		<u>86,642</u>	<u>83,285</u>
Changes in:			
- Trade and other receivables		(3,483)	(1,803)
- Trade and other payables		812	1,967
- Provision		(716)	–
		<u>83,255</u>	<u>83,449</u>
Cash generated from operations		<u>83,255</u>	<u>83,449</u>
Tax paid		(2,784)	(1,042)
Net cash from operating activities		<u>80,471</u>	<u>82,407</u>
Cash flows from investing activities			
Interest received		150	40
Capital expenditure on investment properties		(5,062)	(2,653)
Purchase of investment property		–	(25,438)
Purchase of plant and equipment		(527)	(118)
Acquisition of subsidiaries, net of cash acquired	27(a)	(193,834)	–
Disposal of a subsidiary, net of cash disposed of	27(b)	16,243	–
Proceeds from disposal of investment property*		72,782	25,273
		<u>(110,248)</u>	<u>(2,896)</u>
Net cash used in investing activities		<u>(110,248)</u>	<u>(2,896)</u>
Cash flows from financing activities			
Perpetual securities		100,000	–
Issue cost of perpetual securities		(759)	–
Proceeds from Rights Issue		–	102,742
Issue expenses paid in relation to Rights Issue		–	(2,637)
Interest paid		(14,764)	(17,004)
Transaction costs paid		(4,177)	–
Proceeds from borrowings		310,000	28,000
Repayment of borrowings		(274,444)	(123,900)
Distributions to Unitholders		(64,310)	(65,594)
Distributions to perpetual securities holders		(2,727)	–
Net cash from/(used in) financing activities		<u>48,819</u>	<u>(78,393)</u>

* Net of transaction costs paid of \$1,018,000 (2017: \$227,500)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December 2018

	Note	2018 \$'000	2017 \$'000
Net increase in cash and cash equivalents		19,042	1,118
Cash and cash equivalents at 1 January		14,969	13,561
Effect of exchange rate fluctuations on cash held		(673)	290
Cash and cash equivalents at 31 December		<u>33,338</u>	<u>14,969</u>

A Significant non-cash transactions

The total Manager's fees paid/payable in Units for the year ended 31 December 2018 amounted to approximately \$6,103,000 (2017: \$5,670,000). This comprises 8,180,967 (2017: 6,684,606) Units, of which 4,953,072 (2017: 4,140,833) Units were issued during the year and another 3,227,895 (2017: 2,543,773) Units will be issued to the Manager by the Trust subsequent to the reporting date.

NOTES TO THE 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 7 March 2019.

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, a first amending and restating deed dated 13 April 2016 and a fourth supplemental deed dated 31 May 2018) (the "Trust Deed") entered into between ARA 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 name of the Manager is changed from ARA-CWT Trust Management (Cache) Limited to ARA Trust Management (Cache) Limited with effect from 2 July 2018.

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 2018 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 investments 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.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONTINUED)

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 2018 elected to receive 75% (2017: 75%) of the manager's fees in the form of Units, and 25% (2017: 25%) in cash.

1.3 Trustee fees

Under the Trust Deed, the Trustee fee is presently charged at 0.03% (2017: 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\$6,250 to A\$37,000 per annum.

1.4 Acquisition fees

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 1.0% 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.

NOTES TO THE FINANCIAL STATEMENTS

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 as otherwise described in the notes 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.

2.4 Use of estimates and judgements

The preparation of the 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 and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:

- Note 4 – Investment properties

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.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (continued)

Measurement of fair values (continued)

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 15.

2.5 Changes in accounting policies

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- Clarifications to FRS 115 *Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*;
- Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* (Amendments to FRS 104);
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to FRS 102);
- *Transfers of Investment Property* (Amendments to FRS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to FRS 101);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to FRS 28); and
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (continued)

The adoption of these FRSs, amendments to standards and interpretations did not have a significant effect on the Group's and Trust's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new Expected Credit Loss ("ECL") model and a new general hedge accounting model.

As a result of the adoption of FRS 109, the Group has adopted consequential amendments to FRS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of total return. Previously, the Group's approach was to include the impairment of trade receivables, if any, in other trust expenses.

Additionally, the Group has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures for 2018 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109, if any, are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at Fair Value Through Profit or Loss ("FVTPL").
- Changes to hedge accounting policies have been applied prospectively.
- All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedge accounting under FRS 109 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (continued)

FRS 109 *Financial Instruments* (continued)

The impact upon adoption of FRS 109 is described below.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income ("FVOCI") and FVTPL. The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale. Under FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments, see (iii) below).

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see Note 3.6.

The following tables present the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Group's and the Trust's financial assets and financial liabilities as at 1 January 2018. The following tables also reconcile the carrying amounts of financial assets and financial liabilities under FRS 39 to the carrying amounts under FRS 109 on transition to FRS 109 on 1 January 2018.

	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 \$'000	New carrying amount under FRS 109 \$'000
Group				
Financial assets				
Forward foreign exchange contracts	FVTPL	FVTPL	38	38
Trade and other receivables *	Loans and receivables	Amortised cost	2,222	2,222
Cash and cash equivalents	Loans and receivables	Amortised cost	14,969	14,969

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (continued)

FRS 109 *Financial Instruments* (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 \$'000	New carrying amount under FRS 109 \$'000
Group				
Financial liabilities				
Interest rate swaps at fair value through statement of total return	FVTPL	FVTPL	(1,037)	(1,037)
Interest rate swaps used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	(985)	(985)
Trade and other payables **	Other financial liabilities	Other financial liabilities	(11,675)	(11,675)
Interest-bearing borrowings	Other financial liabilities	Other financial liabilities	(444,663)	(444,663)
Trust				
Financial assets				
Forward foreign exchange contracts	FVTPL	FVTPL	38	38
Trade and other receivables *	Loans and receivables	Amortised cost	55,115	55,115
Cash and cash equivalents	Loans and receivables	Amortised cost	11,610	11,610
Financial liabilities				
Interest rate swaps at fair value through statement of total return	FVTPL	FVTPL	(1,037)	(1,037)
Interest rate swaps used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	(720)	(720)
Trade and other payables **	Other financial liabilities	Other financial liabilities	(10,091)	(10,091)
Interest-bearing borrowings	Other financial liabilities	Other financial liabilities	(363,701)	(363,701)

* Excludes prepayments

** Excludes income received in advance

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (continued)

FRS 109 *Financial Instruments* (continued)

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments. Under FRS 109, credit losses are recognised earlier than under FRS 39.

In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the ECL model. The Group has determined that the application of FRS 109's impairment requirements at 1 January 2018 did not result in a significant allowance for impairment. Accordingly, the Group did not recognise any adjustments to its opening Unitholders' Funds on 1 January 2018.

Additional information about how the Group measures the allowance for impairment is described in Note 3.7.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in FRS 109. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Group applies hedge accounting under FRS 109, see Note 3.6.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) 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.

(iv) 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.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 subsequently at fair value thereafter with any change therein recognised in the statement of total return. 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.

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.

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recognised as an expense in the statement of total return and 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 at the end of each reporting period and adjusted if appropriate.

(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) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of total return.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of total return. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of total return.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were 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 comprised cash and cash equivalents, and trade and other receivables excluding prepayments.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

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 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) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(iv) Offsetting

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 set off to the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) 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.

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

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 host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly 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 generally recognised in the statement of total return.

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

- (vi) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018 (continued)

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of FRS 109. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under FRS 109. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected the statement of total return. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in the statement of total return.

3.7 Impairment

- (i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on its financial assets measured at amortised cost;

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

- (i) Non-derivative financial assets and contract assets (continued)

Policy applicable from 1 January 2018 (continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

- (i) Non-derivative financial assets and contract assets (continued)

Policy applicable from 1 January 2018 (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

- (i) Non-derivative financial assets and contract assets (continued)

Policy applicable before 1 January 2018 (continued)

Loans and receivables

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

An impairment loss in respect of a financial asset measured at amortised cost was 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 were recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continued to be recognised. When the Group considered that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Revenue

Rental income

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.

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.

3.10 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.

Determining whether an arrangement contains 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Expenses

(i) Property expenses

Property expenses comprise property management fees and lease management fees (using the applicable formula stipulated in Note 1.1), 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 fees

Trustee 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.

3.12 Finance income and expenses

Finance income comprises interest income. Interest 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. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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 the 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. Current tax assets and liabilities are offset only if certain criteria are met.

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. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

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.

Deferred tax assets are recognised for unused tax losses, unused 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax (continued)

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 from the carrying on of a trade, business, or profession) 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 Qualifying 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. The concessionary income tax rate of 10% for distributions received by Qualifying foreign non-individual Unitholders will be extended to 31 December 2025 as announced in the Singapore Budget 2019.

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;
- 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);
- an agent bank or Supplementary Retirement Scheme ("SRS") operators acting as a nominee for individuals who have purchased Units within the CPF Investment Scheme ("CPFIS") or the SRS respectively and the distributions received from the Trust are returned to CPF accounts; or
- real estate investment trust exchange fund ("REIT ETFs") which have been accorded the tax transparency treatment.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of the Trust and the weighted-average number of Units outstanding adjusted for the effects of all dilutive potential Units.

3.15 Perpetual securities

The perpetual securities may be redeemed at the option of Cache. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.16 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.

3.17 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and FRS 110)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 New standards and interpretations not yet adopted (continued)

Applicable to 2021 financial statements

- FRS 117 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 10 and FRS 1-28).

The Group has assessed the estimated impact that the initial application of FRS 116 will have on the financial statements. The Group's assessment of FRS 116, which is expected to have a more significant impact on the Group, is as described below.

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, FRS INT 104 *Determining whether an Arrangement contains a Lease*, FRS INT 15 *Operating Leases – Incentives* and FRS INT 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group plans to apply FRS 116 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17 and FRS INT 104.

The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of land leases with JTC (see Note 26). The Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term. The Group expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116.

As at 1 January 2019, the Company expects an increase in ROU assets and a corresponding increase in lease liabilities of approximately \$81,029,000.

The Group as lessor

FRS 116 substantially carries forward the existing lessor accounting requirements. Accordingly, the Group contributes to classify its leases as operating leases and to amount these leases under existing operating lease accounting models.

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	1,206,913	1,236,175	986,400	1,043,773
Acquisition of an investment property	–	25,438 ¹	–	–
Acquisition of subsidiaries	193,323 ²	–	–	–
Disposal of a subsidiary	(15,437) ³	–	–	–
Reclassified from plant and equipment	85	–	85	–
Disposal of an investment property	(68,667) ⁴	(25,273)	(68,667) ⁴	(25,273)
Capital expenditure capitalised	5,062	2,653	4,168	2,604
Straight-line effective rent adjustment	2,725	552	1,904	79
Effect of movement in exchange rates	(33,208)	(857)	–	–
	1,290,796	1,238,688	923,890	1,021,183
Changes in fair values during the year	(21,770)	(31,775)	(18,090)	(34,783)
At 31 December	1,269,026	1,206,913	905,800	986,400
Investment properties (non-current)	1,269,026	1,137,913	905,800	917,400
Asset held for sale (current)	–	69,000	–	69,000
	1,269,026	1,206,913	905,800	986,400

¹ Includes an acquisition fee paid to the Manager of \$239,000.

² Includes an acquisition fee paid to the Manager of \$1,843,000.

³ Includes a divestment fee paid to the Manager of \$86,000.

⁴ Includes a divestment fee paid to the Manager of \$369,000.

Asset held for sale

An investment property with a carrying value of \$69,000,000 as at 31 December 2017 was reclassified as Asset held for sale. The divestment was completed on 18 May 2018. 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.

Securities

As at 31 December 2018, certain investment properties have been pledged as securities for loan facilities granted by financial institutions to the Group (see Note 10). The aggregate carrying amount of the securities are as follows:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Investment properties	159,487	898,271	–	728,500

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE (CONTINUED)

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 method in arriving at the valuation as at each reporting date.

The capitalisation approach capitalises an income stream into a present value using a single-year capitalisation rate. 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 method 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 method 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	
2018	
Investment properties	<u>1,269,026</u>
2017	
Investment properties (including asset held for sale)	<u>1,206,913</u>
Trust	
2018	
Investment properties	<u>905,800</u>
2017	
Investment properties (including asset held for sale)	<u>986,400</u>

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES AND ASSET HELD FOR SALE (CONTINUED)

Measurement of fair value (continued)

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	<p>Group</p> <ul style="list-style-type: none"> • Terminal yield rates of 6.25% to 7.50% (2017: 6.50% to 7.75%) • Discount rates of 6.75% to 8.25% (2017: 7.00% to 9.50%) • Capitalisation rates of 6.00% to 7.25% (2017: 6.25% to 7.75%) 	<p>The estimated fair values would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the terminal yield rates were lower/(higher); • the discount rates were lower/(higher); or • the capitalisation rates were lower/(higher).
	<p>Trust</p> <ul style="list-style-type: none"> • Terminal yield rates of 6.25% to 6.75% (2017: 6.50% to 6.75%) • Discount rates of 8.00% (2017: 7.75% to 8.00%) • Capitalisation rates of 6.00% to 6.50% (2017: 6.25% to 6.50%) 	

NOTES TO THE FINANCIAL STATEMENTS

5 PLANT AND EQUIPMENT

	Fixtures and fittings \$'000	Plant, machinery and improvements \$'000	Office equipment \$'000	Total \$'000
Group				
Cost				
At 1 January 2017	13	4,867	33	4,913
Additions	–	114	4	118
Disposals	–	(33)	–	(33)
Effect of movement in exchange rates	–	(6)	–	(6)
At 31 December 2017	13	4,942	37	4,992
Additions	1	517	9	527
Disposal of subsidiary	(3)	(1,068)	–	(1,071)
Reclassified to investment properties	–	(277)	–	(277)
Effect of movement in exchange rates	–	(21)	–	(21)
At 31 December 2018	11	4,093	46	4,150
Accumulated depreciation				
At 1 January 2017	3	1,771	23	1,797
Depreciation	2	933	6	941
Disposals	–	(12)	–	(12)
Effect of movement in exchange rates	–	(2)	–	(2)
At 31 December 2017	5	2,690	29	2,724
Depreciation	3	763	5	771
Disposal of subsidiary	(3)	(409)	–	(412)
Reclassified to investment properties	–	(192)	–	(192)
Effect of movement in exchange rates	–	(15)	–	(15)
At 31 December 2018	5	2,837	34	2,876
Carrying amounts				
At 1 January 2017	10	3,096	10	3,116
At 31 December 2017	8	2,252	8	2,268
At 31 December 2018	6	1,256	12	1,274

NOTES TO THE FINANCIAL STATEMENTS

5 PLANT AND EQUIPMENT (CONTINUED)

	Fixtures and fittings \$'000	Plant, machinery and improvements \$'000	Office equipment \$'000	Total \$'000
Trust				
Cost				
At 1 January 2017	11	4,403	31	4,445
Additions	–	–	4	4
Disposals	–	(33)	–	(33)
At 31 December 2017	11	4,370	35	4,416
Additions	–	–	11	11
Reclassified to investment properties	–	(277)	–	(277)
At 31 December 2018	11	4,093	46	4,150
Accumulated depreciation				
At 1 January 2017	1	1,611	23	1,635
Depreciation	2	821	6	829
Disposals	–	(12)	–	(12)
At 31 December 2017	3	2,420	29	2,452
Depreciation	2	609	5	616
Reclassified to investment properties	–	(192)	–	(192)
At 31 December 2018	5	2,837	34	2,876
Carrying amounts				
At 1 January 2017	10	2,792	8	2,810
At 31 December 2017	8	1,950	6	1,964
At 31 December 2018	6	1,256	12	1,274

6 SUBSIDIARIES

	Trust	
	2018 \$'000	2017 \$'000
Equity investments, at cost	169,825	84,451
Advances to a subsidiary	3,420	4,048
	173,245	88,499
Less: Accumulated impairment losses	(4,800)	(4,800)
	168,445	83,699

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 years ended 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (CONTINUED)

On the adoption of FRS 109, the advances to a subsidiary are classified as financial assets at amortised cost. Allowance for impairment on these advances on adoption of FRS 109 is insignificant. The advances are unsecured, interest-free and have no fixed terms of repayment. The settlement of these advances is neither planned nor likely to occur in the foreseeable future and hence the advances to a subsidiary are classified as non-current.

The acquisitions of the subsidiaries during the year ended 31 December 2018 are accounted for as acquisition of assets based on the assessment by the Manager, after taking into consideration that these acquisitions did not involve acquiring any strategic management function or the associated process along with the underlying assets acquired.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Ownership interest	
		2018 %	2017 %
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 ^{2,3}	Australia	100	100
Details of subsidiaries held by 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
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 ^{2,3}	Australia	100	100
The Trust Company Limited ATF Somerton (VIC) Trust ^{2,3}	Australia	100	100
The Trust Company Limited ATF Coopers Plain (QLD) Trust ^{2,3}	Australia	100	100
The Trust Company Limited ATF Wacol (QLD) Trust ^{2,3}	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Ownership interest	
		2018 %	2017 %
Details of subsidiaries held by The Trust Company (Australia) Limited ATF Cache Logistics Trust Australia are set out below (continued):			
The Trust Company Limited ATF Wacol 2 (QLD) Trust ^{2,3}	Australia	100	100
The Trust Company Limited ATF Kidman Park (SA) Trust ^{2,3}	Australia	100	100
The Trust Company Limited ATF Laverton (VIC) Trust ^{2,3}	Australia	100	100
The Trust Company Limited as trustee for the ESIP Trust ^{2,3}	Australia	100	—
Details of subsidiaries held by The Trust Company Limited as trustee for the ESIP Trust are set out below:			
Perpetual Corporate Trust Limited as trustee for Berrinba Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Berkeley Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Campbellfield Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Braeside Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Hydrive Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Link Drive Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Wacol Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Westlink Trust ^{2,3}	Australia	100	—
Perpetual Corporate Trust Limited as trustee for Woodlands Trust ^{2,3}	Australia	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

NOTES TO THE FINANCIAL STATEMENTS

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables	1,893	1,550	1,547	1,346
Other receivables	1,124	342	700	329
Deposits	605	330	605	330
Amounts due from subsidiaries (non-trade)	–	–	152,041	53,110
	3,622	2,222	154,893	55,115
Prepayments	2,292	2,541	1,859	2,138
	5,914	4,763	156,752	57,253

As at 31 December 2018, included in amounts due from subsidiaries are loans to a subsidiary amounting to \$140,404,000 (2017: \$41,242,000) which are unsecured, interest-bearing ranging from 4.4% to 4.7% (2017: 6.4%) per annum and repayable on demand. The remaining amounts are unsecured, interest-free and repayable on demand.

The Group and the Trust's exposure to credit and currency risk for trade and other receivables is disclosed in Note 15.

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank	33,338	14,969	10,795	11,610

NOTES TO THE FINANCIAL STATEMENTS

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Trade payables	2,054	1,244	1,289	1,060
Interest payable	2,930	791	2,676	523
Security deposits	901	587	901	587
Income received in advance	1,310	4,573	1,208	4,428
Accrued operating expenses	7,694	7,962	5,181	6,830
	<u>14,889</u>	<u>15,157</u>	<u>11,255</u>	<u>13,428</u>
Non-current				
Security deposits	2,202	1,091	2,202	1,091
Income received in advance	2,013	–	2,013	–
	<u>4,215</u>	<u>1,091</u>	<u>4,215</u>	<u>1,091</u>
	<u>19,104</u>	<u>16,248</u>	<u>15,470</u>	<u>14,519</u>

The exposure of the Group and the Trust to liquidity and currency risks relating to trade and other payables is disclosed in Note 15.

10 INTEREST-BEARING BORROWINGS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Secured borrowings	74,680	339,948	–	258,717
Less: Unamortised transaction costs	(135)	(1,374)	–	(1,105)
	<u>74,545</u>	<u>338,574</u>	<u>–</u>	<u>257,612</u>
Unsecured borrowings	400,000	106,706	400,000	106,706
Less: Unamortised transaction costs	(4,365)	(617)	(4,365)	(617)
	<u>395,635</u>	<u>106,089</u>	<u>395,635</u>	<u>106,089</u>
Maturity of borrowings				
Within 1 year	28,098	124,993	–	124,993
After 1 year but within 5 years	245,318	319,670	198,871	238,708
More than 5 years	196,764	–	196,764	–
	<u>470,180</u>	<u>444,663</u>	<u>395,635</u>	<u>363,701</u>

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

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					
2018					
Term loan facility ²	AUD	BBSY [#] + Margin	2019	28,125	28,098
Term loan facility ²	AUD	BBSY [#] + Margin	2020	33,596	33,542
Term loan facility ²	AUD	BBSY [#] + Margin	2020	12,959	12,905
Term loan facility ⁴	SGD	SOR [*] + Margin	2021	90,000	89,549
Term loan facility ⁴	SGD	SOR [*] + Margin	2023	110,000	109,322
Term loan facility ⁴	SGD	SOR [*] + Margin	2024	200,000	196,764
				<u>474,680</u>	<u>470,180</u>
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
				<u>446,654</u>	<u>444,663</u>
Trust					
2018					
Term loan facility ⁴	SGD	SOR [*] + Margin	2021	90,000	89,549
Term loan facility ⁴	SGD	SOR [*] + Margin	2023	110,000	109,322
Term loan facility ⁴	SGD	SOR [*] + Margin	2024	200,000	196,764
				<u>400,000</u>	<u>395,635</u>
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
				<u>365,423</u>	<u>363,701</u>

* Swap Offer Rate

Bank Bill Swap Rate

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Terms and debt repayment schedule (continued)

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:

	Carrying amount \$'000	Contractual cash flows \$'000	<----- Cash flows ----->		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2018					
Non-derivative financial liabilities					
Floating rate term loans	470,180	(537,360)	(49,880)	(283,842)	(203,638)
Trade and other payables^	15,781	(15,781)	(13,579)	(2,202)	–
	<u>485,961</u>	<u>(553,141)</u>	<u>(63,459)</u>	<u>(286,044)</u>	<u>(203,638)</u>
Derivative financial instruments					
Interest rate swaps used for hedging	(4,948)				
- Inflow	–	18,606	5,962	12,166	478
- Outflow	–	(24,959)	(7,762)	(16,529)	(668)
	<u>(4,948)</u>	<u>(6,353)</u>	<u>(1,800)</u>	<u>(4,363)</u>	<u>(190)</u>
Interest rate swaps at fair value					
through statement of total return	(94)				
- Inflow	–	958	958	–	–
- Outflow	–	(1,107)	(1,107)	–	–
	<u>(94)</u>	<u>(149)</u>	<u>(149)</u>	<u>–</u>	<u>–</u>
Forward foreign exchange contracts					
	142				
- Inflow	–	2,649	2,649	–	–
- Outflow	–	(2,496)	(2,496)	–	–
	<u>142</u>	<u>153</u>	<u>153</u>	<u>–</u>	<u>–</u>
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)	–
	<u>456,338</u>	<u>(608,964)</u>	<u>(147,512)</u>	<u>(461,452)</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Terms and debt repayment schedule (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	<----- Cash flows ----->		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2017					
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	-	-
Trust					
2018					
Non-derivative financial liabilities					
Floating rate term loans	395,635	(459,386)	(13,571)	(242,177)	(203,638)
Trade and other payables^	12,249	(12,249)	(10,047)	(2,202)	-
	407,884	(471,635)	(23,618)	(244,379)	(203,638)
Derivative financial instruments					
Interest rate swaps used for hedging	(4,768)				
- Inflow	-	17,705	5,218	12,009	478
- Outflow	-	(23,873)	(6,876)	(16,329)	(668)
	(4,768)	(6,168)	(1,658)	(4,320)	(190)
Interest rate swaps at fair value through statement of total return	(94)				
- Inflow	-	958	958	-	-
- Outflow	-	(1,107)	(1,107)	-	-
	(94)	(149)	(149)	-	-
Forward foreign exchange contracts	142				
- Inflow	-	2,649	2,649	-	-
- Outflow	-	(2,496)	(2,496)	-	-
	142	153	153	-	-

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Terms and debt repayment schedule (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	<----- Cash flows ----->		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 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)	–
	<u>373,792</u>	<u>(394,812)</u>	<u>(143,236)</u>	<u>(251,576)</u>	<u>–</u>
Derivative financial instruments					
Interest rate swaps used for hedging	(720)				
- Inflow	–	1,658	1,023	635	–
- Outflow	–	(2,778)	(1,656)	(1,122)	–
	<u>(720)</u>	<u>(1,120)</u>	<u>(633)</u>	<u>(487)</u>	<u>–</u>
Interest rate swaps at fair value through statement of total return					
- Inflow	(1,037)				
- Outflow	–	1,487	1,487	–	–
	<u>–</u>	<u>(2,889)</u>	<u>(2,889)</u>	<u>–</u>	<u>–</u>
	<u>(1,037)</u>	<u>(1,402)</u>	<u>(1,402)</u>	<u>–</u>	<u>–</u>
Forward foreign exchange contracts					
- Inflow	38				
- Outflow	–	1,396	1,396	–	–
	<u>–</u>	<u>(1,358)</u>	<u>(1,358)</u>	<u>–</u>	<u>–</u>
	<u>38</u>	<u>38</u>	<u>38</u>	<u>–</u>	<u>–</u>

[^] Exclude 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 interest payments on floating rate term loans in the table above reflects market forward interest rates at the period end and these amounts may change as market interest changes.

The exposure of the Group and the Trust to currency, liquidity and interest rate risks that relates to interest-bearing borrowings is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

10. INTEREST-BEARING BORROWINGS (CONTINUED)

Terms and debt repayment schedule (continued)

¹ Secured term loan facilities and revolving credit facilities

As at 31 December 2017, the facilities were secured by:

- A first mortgage on 6 properties located in Singapore;
- A debenture creating fixed and floating charges over all assets in relation to the 6 properties;
- An assignment of all leases, sale agreements, banker's guarantees and bank accounts in relation to the 6 properties;
- An assignment of all insurance policies in relation to the 6 properties; and
- An assignment of the Trust's rights in the corporate guarantees given in respect of certain properties.

These facilities were fully repaid during the year ended 31 December 2018.

² Secured term loan facilities

The facilities are secured by way of a legal mortgage and charges over 5 (2017: 5) Australian properties.

³ Secured term loan facilities

As at 31 December 2017, the facility was secured by way of a second ranking legal mortgage over 3 Australian properties.

The facility was fully repaid during the year ended 31 December 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

10. INTEREST-BEARING BORROWINGS (CONTINUED)

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 liabilities held to hedge long-term borrowings	Derivatives liabilities at fair value through statement of total return	Total
	Interest-bearing borrowings \$'000	Interest payable \$'000	Interest rate swaps used for hedging-liabilities \$'000	Interest rate swaps at fair value through statement of total return \$'000	
Group					
Balance at 1 January 2018	444,663	791	985	1,037	447,476
Changes from financing cash flows					
Proceeds from borrowings	310,000	–	–	–	310,000
Repayment of borrowings	(274,444)	–	–	–	(274,444)
Transaction costs paid	(4,177)	–	–	–	(4,177)
Interest paid	–	(14,764)	–	–	(14,764)
Total changes from financing cash flows	31,379	(14,764)	–	–	16,615
The effect of changes in foreign exchange rates	(7,514)	–	–	–	(7,514)
Changes in fair value	–	–	3,963	(943)	3,020
Other changes Liability-related					
Amortisation/ write-off of transaction costs	1,652	–	–	–	1,652
Interest expense - bank loans	–	15,041	–	–	15,041
Interest expense - interest rate swaps	–	1,605	–	–	1,605
Commitment fee	–	245	–	–	245
Others	–	12	–	–	12
Total liability-related other changes	1,652	16,903	–	–	18,555
Balance at 31 December 2018	470,180	2,930	4,948	94	478,152

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities		Derivatives (assets)/ liabilities held to hedge long-term borrowings		Derivatives liabilities at fair value through statement of total return	Total
	Interest- bearing borrowings \$'000	Interest payable \$'000	Interest rate swaps used for hedging- assets \$'000	Interest rate swaps used for hedging- liabilities \$'000	Interest rate swaps at fair value through statement of total return \$'000	
Group						
Balance at 1 January 2017	538,865	845	(43)	1,962	–	541,629
Changes from financing cash flows						
Proceeds from borrowings	28,000	–	–	–	–	28,000
Repayment of borrowings	(123,900)	–	–	–	–	(123,900)
Interest paid	–	(17,004)	–	–	–	(17,004)
Total changes from financing cash flows	(95,900)	(17,004)	–	–	–	(112,904)
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
Interest expense - bank loans	–	13,417	–	–	–	13,417
Interest expense - interest rate swaps	–	3,224	–	–	–	3,224
Commitment fee	–	302	–	–	–	302
Others	–	7	–	–	–	7
Total liability-related other changes	1,701	16,950	–	–	–	18,651
Balance at 31 December 2017	444,663	791	–	985	1,037	447,476

NOTES TO THE FINANCIAL STATEMENTS

11 DERIVATIVE ASSETS/(LIABILITIES)

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current asset				
Forward foreign exchange contracts	142	38	142	38
Non-current liability				
Interest rate swaps used for hedging	(4,925)	(951)	(4,768)	(686)
Current liabilities				
Interest rate swaps:				
- used for hedging	(23)	(34)	-	(34)
- at fair value through statement of total return	(94)	(1,037)	(94)	(1,037)
	<u>(4,900)</u>	<u>(1,984)</u>	<u>(4,720)</u>	<u>(1,719)</u>

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.

The Group manages its exposure to changes in interest rates on its floating rate borrowings by entering into interest rate swaps with a total notional amount of \$356,890,000 (2017: \$343,015,000) to provide fixed rate funding for terms of 3 to 5 years (2017: 3 to 5 years) at interest rate ranging from 1.90% to 2.55% (2017: 1.29% to 2.55%) per annum.

During the year ended 31 December 2017 and 31 December 2018, 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.

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on net income denominated in Australian dollars ("A\$") from its investments in Australia by using forward foreign exchange contracts.

As at 31 December 2018, forward exchange contracts with an aggregate notional amount of A\$2,600,000 (2017: A\$1,300,000) with maturity of less than one year (2017: less than one year) were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

11 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

Master netting or similar agreements

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 2018 and at 31 December 2017, the Group's derivative financial assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangements.

Measurement of fair value

The fair values of financial derivatives are based on broker quotes at the reporting date and are categorised within Level 2 of the fair value hierarchy.

12 PROVISION

	Group and Trust	
	2018	2017
	\$'000	\$'000
At beginning of the year	–	–
Provision made during the year	1,380	–
Provision utilised during the year	(716)	–
At end of the year	<u>664</u>	<u>–</u>

The provision of the Group and Trust relates to top-up payments to be made by the Trust to a third party for any shortfall of guaranteed rental income amount in respect of the divestment of Hi-Speed Logistics Centre. Pursuant to the terms of the deed of income support agreement entered into, the Trust will provide income support on Hi-Speed Logistics Centre for 1 year from 18 May 2018, of up to \$1,380,000.

13 PERPETUAL SECURITIES

On 1 February 2018, the Trust issued \$100.0 million perpetual securities under the \$1.0 billion Multicurrency Debt Issuance Programme established by the Trust. The key terms and conditions of the perpetual securities are as follows:

- the perpetual securities will confer a right to receive distribution payments at a rate of 5.5% per annum with the first distribution rate reset falling on 1 February 2023 and subsequent resets occurring every five years thereafter;
- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the perpetual securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the conditions) of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

13 PERPETUAL SECURITIES (CONTINUED)

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

The perpetual securities are classified as equity instruments and recorded within the Group's and Trust's statement of movements in Unitholders' Funds. As at 31 December 2018, the \$101.5 million (31 December 2017: \$Nil) presented in the statement of financial position represents the carrying value of the \$100.0 million (31 December 2017: \$Nil) perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

14 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2018	2017
	Number of	Number of
	Units	Units
	'000	'000
Units in issue:		
At the beginning of year	1,069,700	900,450
Units issued:		
- Manager's base fees paid in Units	4,953	4,141
- Rights Issue	–	162,566
Units to be issued:		
- Manager's base fees payable in Units	1,768	1,378
- Manager's performance fees payable in Units	1,460	1,165
Total issued and to be issued Units at the end of year	<u>1,077,881</u>	<u>1,069,700</u>

During the year ended 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

14 UNITS IN ISSUE AND TO BE ISSUED (CONTINUED)

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.

15 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising 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 Group'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.

Trade receivables comprise mainly rental receivables. Generally, the tenants have provided security deposits amounting to 3-12 months rental in the form of a 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.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Cash and cash equivalents are placed with financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risks based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Transactions involving derivative financial instruments are entered only with bank counterparties that are regulated.

Exposure to credit risk

The carrying amounts of the following financial assets represent the Group's and Trust's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advances to a subsidiary	–	–	3,420	4,048
Amounts due from subsidiaries (non-trade)	–	–	152,041	53,110
Trade and other receivables*	3,622	2,222	2,852	2,005
Derivative assets	142	38	142	38
Cash and cash equivalents	33,338	14,969	10,795	11,610
	<u>37,102</u>	<u>17,229</u>	<u>169,250</u>	<u>70,811</u>

* Excludes prepayments

The ageing of gross trade receivables at the reporting date was:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not past due	1,730	1,401	1,513	1,239
Past due 31 - 60 days	97	59	2	–
Past due 61 - 90 days	3	88	–	107
More than 90 days past due	63	2	32	–
	<u>1,893</u>	<u>1,550</u>	<u>1,547</u>	<u>1,346</u>

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 2018, the Group had committed and undrawn facilities comprising \$65.0 million (2017: \$65.0 million) from revolving credit facilities with a panel of banks.

The Trust established a \$1.0 billion 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.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

As at 31 December 2018, \$100.0 million perpetual securities were issued under the Debt Issuance Programme (2017: no notes and/or perpetual securities were issued).

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 2018 and at 31 December 2017, 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:

	2018		2017	
	USD \$'000	AUD \$'000	RMB \$'000	AUD \$'000
Group				
Cash and cash equivalents	11,875	10,730	1,176	5,121
Trade and other receivables	–	1,116	25	593
Interest-bearing borrowings	–	(74,546)	–	(112,270)
Trade and other payables	–	(3,237)	(73)	(1,763)
Derivative liabilities	–	(181)	–	(265)
Net statement of financial position exposure	<u>11,875</u>	<u>(66,118)</u>	<u>1,128</u>	<u>(108,584)</u>
Trust				
Cash and cash equivalents	–	4,412	–	2,997
Amounts due from subsidiaries	–	140,404	–	41,242
Interest-bearing borrowings	–	–	–	(31,308)
Other payables	–	–	–	(143)
Net statement of financial position exposure	<u>–</u>	<u>144,816</u>	<u>–</u>	<u>12,788</u>

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Currency risk (continued)

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.

	Total return		Unitholders' funds	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Group				
USD	(1,188)	–	–	–
RMB	–	–	–	(113)
AUD	(14,482)	(1,279)	21,039	12,137
Trust				
AUD	(14,482)	(1,279)	–	–

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 10).

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Variable rate instruments				
Financial assets	33,338	14,969	10,795	11,610
Financial liabilities*	(117,790)	(103,638)	(80,450)	(63,023)
	(84,452)	(88,669)	(69,655)	(51,413)

* net of effect of interest rate swaps

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 25 (2017: 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 \$'000	25 bp decrease \$'000	25 bp increase \$'000	25 bp decrease \$'000
Group				
2018				
Financial assets	83	(83)	–	–
Financial liabilities	(288)	214	482	126
Cash flow sensitivity (net)	(205)	131	482	126
2017				
Financial assets	37	(37)	–	–
Financial liabilities	(238)	53	78	(115)
Cash flow sensitivity (net)	(201)	16	78	(115)
Trust				
2018				
Financial assets	27	(27)	–	–
Financial liabilities	(194)	120	513	205
Cash flow sensitivity (net)	(167)	93	513	205
2017				
Financial assets	29	(29)	–	–
Financial liabilities	(136)	158	45	(100)
Cash flow sensitivity (net)	(107)	129	45	(100)

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% (2017: 45.0%) of the fund's deposited property.

As at 31 December 2018, the Group's Aggregate Leverage ratio was 36.2% (2017: 36.3%). The Group and Trust were in compliance with the Aggregate Leverage limit of 45.0% (2017: 45.0%) during the year.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

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 as follows. 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 amount					Fair value			
	Fair value – hedging instruments	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
31 December 2018									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	142	–	–	142	–	142	–	142
Financial assets not measured at fair value									
Trade and other receivables [^]	–	–	3,622	–	3,622				
Cash and cash equivalents	–	–	33,338	–	33,338				
	–	–	36,960	–	36,960				
Financial liabilities measured at fair value									
Interest rate swaps at fair value through statement of total return	–	(94)	–	–	(94)	–	(94)	–	(94)
Interest rate swaps used for hedging	(4,948)	–	–	–	(4,948)	–	(4,948)	–	(4,948)
	(4,948)	(94)	–	–	(5,042)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,202)	(2,202)	–	–	(2,018)	(2,018)
Trade and other payables (current) ^{^^}	–	–	–	(13,579)	(13,579)				
Interest-bearing borrowings	–	–	–	(470,180)	(470,180)				
	–	–	–	(485,961)	(485,961)				

[^] Excludes prepayments

^{^^} Exclude income received in advance

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
31 December 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				
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

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trust									
31 December 2018									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	142	–	–	142	–	142	–	142
Financial assets not measured at fair value									
Advances to a subsidiary	–	–	3,420	–	3,420				
Trade and other receivables [^]	–	–	154,893	–	154,893				
Cash and cash equivalents	–	–	10,795	–	10,795				
	–	–	169,108	–	169,108				
Financial liabilities measured at fair value									
Interest rate swaps at fair value through statement of total return	–	(94)	–	–	(94)	–	(94)	–	(94)
Interest rate swaps used for hedging	(4,768)	–	–	–	(4,768)	–	(4,768)	–	(4,768)
	(4,768)	(94)	–	–	(4,862)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,202)	(2,202)	–	–	(2,018)	(2,018)
Trade and other payables (current) ^{^^}	–	–	–	(10,047)	(10,047)				
Interest-bearing borrowings	–	–	–	(395,635)	(395,635)				
	–	–	–	(407,884)	(407,884)				

[^] Excludes prepayments

^{^^} Exclude income received in advance

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments	Designated at fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trust									
31 December 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 at fair value through statement of total return	–	(1,037)	–	–	(1,037)	–	(1,037)	–	(1,037)
Interest rate swaps used for hedging	(720)	–	–	–	(720)	–	(720)	–	(720)
	(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

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

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 their relative short period to maturity.

Transfers between levels of the fair value hierarchy

During the years ended 31 December 2018 and 31 December 2017, there were no transfers between the levels of the fair value hierarchy.

16 GROSS REVENUE

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Rental income	108,921	101,062	83,606	84,697
Other operating income	12,619	10,898	8,341	8,755
	121,540	111,960	91,947	93,452

NOTES TO THE FINANCIAL STATEMENTS

17 PROPERTY EXPENSES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	4,680	4,356	4,431	4,233
Other fees paid/payable to the Property Manager	1,573	1,494	1,533	1,481
Depreciation of plant and equipment	771	941	616	829
Utilities	5,025	3,255	4,452	3,085
Property tax	6,243	4,550	6,243	4,550
Land tax	2,428	1,663	–	–
Land rent	5,354	4,304	5,354	4,304
Others	4,542	4,106	3,476	3,632
	30,616	24,669	26,105	22,114

18 NET FINANCING COSTS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest income:				
- bank deposits	150	40	53	26
- intercompany loan	–	–	6,333	2,475
Finance income	150	40	6,386	2,501
Interest expense:				
- bank loans	(15,041)	(13,417)	(12,314)	(10,681)
- interest rate swaps	(1,605)	(3,224)	(1,430)	(2,974)
Commitment fee	(245)	(302)	(245)	(302)
Amortisation/write-off of transaction costs	(1,652)	(1,701)	(1,533)	(1,577)
Others	(12)	(7)	(1)	(1)
Finance expenses	(18,555)	(18,651)	(15,523)	(15,535)
Net financing costs	(18,405)	(18,611)	(9,137)	(13,034)

NOTES TO THE FINANCIAL STATEMENTS

19 MANAGER'S FEES

	Group and Trust	
	2018	2017
	\$'000	\$'000
Manager's base fees	6,774	6,251
Manager's performance fees	1,364	1,309
	<u>8,138</u>	<u>7,560</u>

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 2018 amounting to approximately \$6,103,000 (2017: \$5,670,000). This comprises 8,180,967 (2017: 6,684,606) Units, of which 4,953,072 (2017: 4,140,833) Units were issued during the year ended 31 December 2018 and another 3,227,895 (2017: 2,543,773) Units will be issued to the Manager by the Trust subsequent to the reporting date.

20 OTHER TRUST EXPENSES

Included in other trust expenses are:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to:				
- auditors of the Trust	224	272	207	260
- other auditors	188	118	-	-
Non-audit fees paid/payable to:				
- auditors of the Trust	83	155	83	148
- other auditors	135	131	-	-
Net foreign exchange loss	<u>11,168</u>	<u>308</u>	<u>11,533</u>	<u>270</u>

21 TAX EXPENSE

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current year	107	146	-	-
Withholding tax	<u>2,802</u>	<u>1,172</u>	<u>1,633</u>	<u>1,129</u>
	<u>2,909</u>	<u>1,318</u>	<u>1,633</u>	<u>1,129</u>
Deferred tax expense				
Origination and reversal of temporary differences – investment property	<u>(377)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
Tax expense	<u>2,532</u>	<u>1,310</u>	<u>1,633</u>	<u>1,129</u>

NOTES TO THE FINANCIAL STATEMENTS

21 TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total return for the year before tax	32,221	25,230	32,968	20,993
Tax using the Singapore tax rate of 17% (2017: 17%)	5,478	4,289	5,605	3,569
Effect of tax rates in foreign jurisdictions	(22)	41	–	–
Non-tax deductible items	11,292	8,720	8,593	7,648
Non-taxable income	(5,675)	(3,841)	(3,232)	(2,146)
Derecognition of deferred tax provided by a subsidiary upon disposal	(377)	–	–	–
Tax transparency	(10,966)	(9,071)	(10,966)	(9,071)
Withholding tax	2,802	1,172	1,633	1,129
	2,532	1,310	1,633	1,129

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 the property at 51 Alps Avenue, Singapore. The amount represents compensation for the shortfall in rental, compared to market rent, in respect of the property and the recovery of legal costs incurred in the legal proceedings.

The Manager had applied to the Inland Revenue Authority of Singapore ("IRAS") for tax transparency for this amount. The IRAS had in a letter dated 17 October 2018, maintained their view that the compensation payment received did not fall within the relevant sections of the Singapore Income Tax Act ("SITA") and will not be accorded tax transparency.

The Manager continues to view that the compensation payment is in the nature of rental income and should be accorded tax transparency treatment under the relevant sections of the SITA. The Manager has raised an objection with IRAS after consultation with the Trust's tax consultant.

The treatment of the abovementioned compensation payment as tax transparent is subject to agreement by the IRAS. The tax affairs of the Trust for the relevant year of assessment have not been finalised by the IRAS.

No provision has been made for the contingent tax. If the compensation payment is taxable, income tax payable on the payment, based on the Manager's best estimate, is approximately \$1.1 million.

NOTES TO THE FINANCIAL STATEMENTS

22 NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2018	2017	2018	2017
Net asset value per Unit (\$)		0.66	0.72	0.67	0.71
Net asset value per Unit is based on:					
Net assets attributable to Unitholders (\$'000)		713,157	765,668	725,030	760,987
Total Units issued and to be issued at 31 December ('000)	14	1,077,881	1,069,700	1,077,881	1,069,700

23 EARNINGS AND DISTRIBUTION PER UNIT

(a) Basic earnings per Unit

Basic earnings per Unit is based on:

	Group	
	2018	2017
	\$'000	\$'000
Total return for the year after tax, attributable to Unitholders of the Trust	24,656	23,920
	Number of Units '000	Number of Units '000
Issued Units at the beginning of year	1,069,700	900,450
Effect of creation of new Units:		
- issued as payment of Manager's base fees	2,469	2,083
- to be issued as payment of Manager's base and performance fees payable in Units	9	7
- Rights Issue	-	37,412
- Adjustment for effect of Rights Issue	-	31,315
Weighted average number of issued and issuable Units at the end of year	1,072,178	971,267

NOTES TO THE FINANCIAL STATEMENTS

23 EARNINGS AND DISTRIBUTION PER UNIT (CONTINUED)

(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, adjusted for the effects of all dilutive potential Units.

	Group	
	2018	2017
	Number of	Number of
	Units	Units
	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	1,072,178	971,267
Weighted average number of unissued Units from Manager's base and performance fees	5,703	4,595
Weighted average number of Units outstanding used in calculation of diluted earnings per Unit	<u>1,077,881</u>	<u>975,862</u>

(c) Distribution per Unit

The distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution for the last quarter of the financial year will be paid subsequent to the reporting date (see Note 30).

24 ISSUE EXPENSES

Issue expenses comprise professional and underwriting fees and other costs related to issuance of Rights Units.

25 OPERATING SEGMENTS

Management considers the business from a geographical 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 geographical 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.

NOTES TO THE FINANCIAL STATEMENTS

25 OPERATING SEGMENTS (CONTINUED)

The segment information provided to the Management for the reportable segments are as follows:

	Singapore \$'000	Australia \$'000	China \$'000	Total \$'000
2018				
Gross revenue	91,947	28,634	959	121,540
Property expenses	(26,105)	(4,329)	(182)	(30,616)
Net property income	65,842	24,305	777	90,924
Net change in fair value of investment properties	(18,090)	(3,680)	–	(21,770)
Net change in fair value of financial derivatives	943	–	–	943
Net gain on disposal of investment property/ subsidiary				2,853
Unallocated amounts:				
- Interest income				150
- Borrowing costs				(18,555)
- Unallocated costs*				(22,324)
Total return for the year before tax				32,221
Tax expense	(1,633)	–	(899)	(2,532)
Total return for the year after tax				29,689
Assets and liabilities				
<u>Segment assets</u>				
- Investment properties	905,800	363,226	–	1,269,026
- Others	12,509	7,434	–	19,943
	918,309	370,660	–	1,288,969
Unallocated assets**				20,725
Consolidated total assets				1,309,694
Segment liabilities	416,630	77,963	–	494,593
Unallocated liabilities				397
Consolidated total liabilities				494,990

NOTES TO THE FINANCIAL STATEMENTS

25 OPERATING SEGMENTS (CONTINUED)

	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				
<u>Segment assets</u>				
- 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

* Unallocated costs include Manager's fees, Trustee fees and other trust expenses.

** Unallocated assets include cash and cash equivalents and other receivables.

*** Unallocated liabilities include borrowings of A\$16.0 million and A\$14.0 million (Note 10).

26 COMMITMENTS

	Group and Trust	
	2018	2017
	\$'000	\$'000
(a) Capital commitments:		
Capital expenditure contracted but not provided for	815	277

NOTES TO THE FINANCIAL STATEMENTS

26 COMMITMENTS (CONTINUED)

- (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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within 1 year	94,144	83,390	68,816	63,091
After 1 year but within 5 years*	198,199	181,630	129,696	117,779
After 5 years*	55,307	73,492	35,996	50,837
	<u>347,650</u>	<u>338,512</u>	<u>234,508</u>	<u>231,707</u>

* 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 \$6,299,000 (2017: \$7,120,000) in relation to 8 (2017: 9) properties for the year ended 31 December 2018 (including amounts that have been directly recharged to tenants).

27 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF

- (a) Acquisition of subsidiaries

On 15 February 2018, the Group acquired 100% effective interests in the following subsidiaries from third parties:

- Perpetual Corporate Trust Limited as trustee for Berrinba Trust
- Perpetual Corporate Trust Limited as trustee for Berkeley Trust
- Perpetual Corporate Trust Limited as trustee for Campbellfield Trust
- Perpetual Corporate Trust Limited as trustee for Braeside Trust
- Perpetual Corporate Trust Limited as trustee for Link Drive Trust
- Perpetual Corporate Trust Limited as trustee for Hydrive Trust
- Perpetual Corporate Trust Limited as trustee for Wacol Trust
- Perpetual Corporate Trust Limited as trustee for Westlink Trust
- Perpetual Corporate Trust Limited as trustee for Woodlands Trust

NOTES TO THE FINANCIAL STATEMENTS

27 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF (CONTINUED)

(a) Acquisition of subsidiaries (continued)

The cash flows and net assets and liabilities of subsidiaries acquired are provided below:

	Recognised values on acquisition \$'000
Investment properties (including acquisition costs)	193,323
Trade and other receivables	1,217
Trade and other payables	(706)
Net identifiable assets and liabilities acquired	<u>193,834</u>
Purchase consideration	<u>193,834</u>
Net cash outflow on acquisition of investment properties	<u>193,834</u>

(b) Disposal of a subsidiary

On 31 December 2018, the Group disposed 100% of its effective interest in the following subsidiary, CWT Warehousing Transportation (Shanghai) Development Co., Ltd.

The cash flows and net assets and liabilities of subsidiary disposed of are provided below:

	Group \$'000
Investment properties	15,437
Plant and equipment	659
Trade and other receivables	47
Trade and other payables	(27)
Cash and cash equivalents	509
Net assets disposed	<u>16,625</u>
Realisation of reserves	98
Gain on disposal of subsidiary	118
Sale consideration	<u>16,841</u>
Receivables from vendor	(89)
Cash of subsidiary disposed	<u>(509)</u>
Net cash inflow from disposal of a subsidiary	<u>16,243</u>

NOTES TO THE FINANCIAL STATEMENTS

28 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. The Manager and the Property Manager are indirect subsidiaries of a significant Unitholder of the Trust.

In the normal course of operations of the Group, Manager's fees and Trustee fees were paid or are payable to the Manager and Trustee respectively.

Other than the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	(4,680)	(4,356)	(4,431)	(4,233)
Other fees paid/payable to the Property Manager ¹	(1,573)	(1,494)	(1,533)	(1,481)
Rental income received/receivable from a sponsor and its related corporations	15,809	34,725	15,364	33,654
Acquisition/divestment fees paid to the Manager	(2,298)	(239)	(2,298)	(239)
Investment management fees paid/ payable to a related corporation of ARA Asset Management Limited	(188)	(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.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RATIOS

	Group	
	2018	2017
	%	%
Expenses to weighted average net assets ¹		
- including performance component of Manager's fees	2.7	1.5
- excluding performance component of Manager's fees	2.5	1.3
Portfolio turnover rate ²	2.1	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.

30 SUBSEQUENT EVENTS

On 25 January 2019, the Manager declared a distribution of 1.502 cents per Unit in respect of the period from 1 October 2018 to 31 December 2018 to be paid on 28 February 2019.

STATISTICS OF UNITHOLDINGS

ISSUED AND FULLY PAID UP UNITS

As at 7 March 2019

Dates	Events	Number of Units	Price ¹	Amount (S\$)
26 April 2018	Asset Management Fees	1,573,707	0.8325	1,310,111
31 July 2018	Asset Management Fees	1,658,630	0.7606	1,261,554
26 October 2018	Asset Management Fees	1,720,735	0.7384	1,270,591
25 January 2019	Asset Management Fees	3,227,895	0.7004	2,260,818

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 1,077,881,375 Units (Voting Rights: One Vote per Unit) outstanding as at 7 March 2019.
There is only one class of Units.

The market capitalisation was S\$765.3 million based on a closing Unit price of S\$0.710 on 7 March 2019.

DISTRIBUTION OF UNITHOLDINGS

As at 7 March 2019

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 99	16	0.14	450	0.00
100 – 1,000	569	5.06	505,016	0.05
1,001 – 10,000	4,824	42.86	27,705,987	2.57
10,001 – 1,000,000	5,800	51.54	312,066,125	28.95
1,000,001 and above	45	0.40	737,603,797	68.43
Total	11,254	100.00	1,077,881,375	100.00

STATISTICS OF UNITHOLDINGS

20 LARGEST UNITHOLDERS

As at 7 March 2019

No.	Name of Unitholder	Number of Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	225,430,834	20.91
2	CITIBANK NOMINEES SINGAPORE PTE LTD	129,145,578	11.98
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	114,166,107	10.59
4	RAFFLES NOMINEES (PTE.) LIMITED	47,051,465	4.37
5	HSBC (SINGAPORE) NOMINEES PTE LTD	34,292,540	3.18
6	DBSN SERVICES PTE. LTD.	32,415,105	3.01
7	NTUC FAIRPRICE CO-OPERATIVE LTD	24,072,000	2.23
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	11,823,980	1.10
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	9,891,363	0.92
10	KGI SECURITIES (SINGAPORE) PTE. LTD.	8,623,874	0.80
11	OCBC SECURITIES PRIVATE LIMITED	8,232,510	0.76
12	UOB KAY HIAN PRIVATE LIMITED	7,094,208	0.66
13	PHILLIP SECURITIES PTE LTD	7,029,007	0.65
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,982,073	0.65
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,014,912	0.56
16	KO WOON HONG	5,059,000	0.47
17	BPSS NOMINEES SINGAPORE (PTE.) LTD.	5,026,556	0.47
18	DB NOMINEES (SINGAPORE) PTE LTD	5,006,200	0.46
19	ARA REAL ESTATE INVESTORS V LIMITED	4,948,630	0.46
20	ABN AMRO CLEARING BANK N.V.	4,226,917	0.39
	TOTAL	696,532,859	64.62

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 7 March 2019, approximately 89.9% of the Units in Cache are held in public hands.

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS

As at 7 March 2019

Name	Number of Units		% of Units
	Direct	Deemed	
ARA Real Estate Investors V Limited	103,708,931	0	9.62%
ARA RE Investment Group Limited ¹	0	103,708,931	9.62%
ARA RE Investment Group (Singapore) Pte Ltd ²	0	103,708,931	9.62%
ARA Asset Management Limited ³	0	103,708,931	9.62%
ARA Investment (Cayman) Limited ⁴	0	103,708,931	9.62%
ARA Asset Management Holdings Pte Ltd ⁵	0	103,708,931	9.62%
Straits Equities Holdings (One) Pte. Ltd. ⁶	0	103,708,931	9.62%
The Straits Trading Company Limited ⁶	0	103,708,931	9.62%
The Cairns Pte. Ltd. ⁷	0	103,708,931	9.62%
Raffles Investments Limited ⁷	0	103,708,931	9.62%
Tecity Pte. Ltd ⁷	0	103,708,931	9.62%
Aequitas Pte. Ltd. ⁷	0	103,708,931	9.62%
Tan Chin Tuan Pte. Ltd. ⁷	0	103,708,931	9.62%
Dr Tan Kheng Lian ⁷	0	103,708,931	9.62%
Alexandrite Gem Holdings Limited ⁸	0	103,708,931	9.62%
WP Global LLC ⁸	0	103,708,931	9.62%
Warburg Pincus Partners II, LP. ⁸	0	103,708,931	9.62%
Warburg Pincus Partners GP LLC ⁸	0	103,708,931	9.62%
Warburg Pincus & Co. ⁸	0	103,708,931	9.62%
AVICT Dragon Holdings Limited ⁹	0	103,708,931	9.62%
AVICT Phoenix Holdings Limited ⁹	0	103,708,931	9.62%
AVIC Trust Co., Ltd. ⁹	0	103,708,931	9.62%
China Aviation Investment Holdings Co., Ltd. ⁹	0	103,708,931	9.62%
AVIC Capital Co. Ltd ⁹	0	103,708,931	9.62%
Aviation Industry Corporation of China ⁹	0	103,708,931	9.62%
Eastspring Investments (Singapore) Limited ¹⁰	0	55,556,946	5.15%
Prudential Singapore Holdings Pte. Limited ¹⁰	0	55,556,946	5.15%
Prudential Corporation Asia Limited ¹⁰	0	56,847,570	5.27%
Prudential Holdings Limited ¹⁰	0	56,847,570	5.27%
Prudential Corporation Holdings Limited ¹⁰	0	56,847,570	5.27%
Prudential plc ¹⁰	0	56,847,570	5.27%

Notes:

- ARA RE Investment Group Limited holds 100% of the shares of ARA Real Estate Investors V Limited, hence it is deemed to be interested in the Units held by ARA Real Estate Investors V Limited.
- ARA RE Investment Group (Singapore) Pte Ltd holds 100% of the shares of ARA RE Investment Group Limited.
- ARA Asset Management Limited holds 100% of the shares of ARA RE Investment Group (Singapore) Pte Ltd.
- ARA Investment (Cayman) Limited holds 100% of the shares of ARA Asset Management Limited.
- ARA Asset Management Holdings Pte Ltd holds 100% of the shares of ARA Investment (Cayman) Limited.
- The Straits Trading Company Limited, through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., holds more than 20% of the voting rights in ARA Asset Management Holdings Pte. Ltd. Accordingly, The Straits Trading Company Limited and Straits Equities Holdings (One) Pte. Ltd. are therefore deemed to be interested in the units in Cache Logistics Trust held by ARA Real Estate Investors V Limited.
- The Straits Trading Company Limited ("STC"), through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., hold more than 20% of the voting rights in ARA Asset Management Holdings Pte. Ltd. The Cairns Pte. Ltd. ("Cairns") holds more than 50% of the voting rights of STC. Each of Raffles Investments Limited ("Raffles") and Tecity Pte. Ltd. ("Tecity") holds not less than 20% of the voting rights of Cairns. Aequitas Pte. Ltd. ("Aequitas") holds more than 50% of the voting rights of Raffles. Tan Chin Tuan Pte. Ltd. ("TCT") holds more than 50% of the voting rights of Aequitas. Dr Tan Kheng Lian holds more than 50% of the voting rights of Tecity. By virtue of this, each of Cairns, Raffles, Tecity, Aequitas, TCT and Dr Tan Kheng Lian has a deemed interest in the units in Cache Logistics Trust held by ARA Real Estate Investors V Limited.
- Alexandrite Gem Holdings Limited ("AGHL") holds more than 20% of the voting rights of ARA Asset Management Holdings Pte. Ltd. AGHL, through ARA Asset Management Holdings Pte. Ltd., is deemed interested in all the units in Cache Logistics Trust which ARA Asset Management Holdings Pte. Ltd. is deemed interested in. AGHL is wholly-owned by certain private equity funds which are limited partnerships ("the Funds") managed by Warburg Pincus LLC ("WP LLC"). Warburg Pincus XII, L.P. ("WP XII GP") and Warburg Pincus China GP, L.P. ("WPC GP") are the general partners of the Funds. WP Global LLC ("WP Global") is the general partner of each of WP XII GP and WPC GP. Warburg Pincus Partners II, L.P. ("WPP II"), is the managing member of WP Global. Warburg Pincus Partners GP LLC ("WPP GP LLC") is the general partner of WPP II. Warburg Pincus & Co., a New York general partnership ("WP"), is the managing member of WPP GP LLC. By virtue of this, each of WP Global, WPP II, WPP GP LLC and WP has a deemed interest in all the units in Cache Logistics Trust which ARA Asset Management Holdings Pte. Ltd. is deemed interested in.
- AVICT Dragon Holdings Limited ("AVICT Dragon") holds more than 20% of the voting rights of ARA Asset Management Holdings Pte Ltd. AVICT Phoenix Holdings Limited ("AVICT Phoenix") holds more than 50% of the voting rights of AVICT Dragon. AVIC Trust Co., Ltd. ("AVIC Trust") holds more than 50% of the voting rights of AVICT Phoenix. China Aviation Investment Holdings Co., Ltd. ("China Aviation") holds more than 50% of the voting rights of AVIC Trust. AVIC Capital Co., Ltd ("AVIC Capital") holds more than 50% of the voting rights of China Aviation. Aviation Industry Corporation of China ("AVIC") holds more than 20% of the voting rights of AVIC Capital. AVIC is wholly-owned by the Central State-Owned Assets Supervision and Administration Commission of the People's Republic of China. By virtue of this, each of AVICT Dragon, AVICT Phoenix, AVIC Trust, China Aviation, AVIC Capital and AVIC has a deemed interest in all the units in Cache Logistics Trust which ARA Asset Management Holdings Pte. Ltd. is deemed interested in.
- Each of Prudential Singapore Holdings Pte. Limited, Prudential Corporation Asia Limited, Prudential Holdings Limited, Prudential Corporation Holdings Limited and Prudential plc is a substantial shareholder by virtue of its deemed interest in the units managed by its subsidiaries as fund managers. Eastspring Investments (Singapore) Limited has deemed interest in the shares as it has discretionary power in the disposal rights over the shares as fund manager. 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.

STATISTICS OF UNITHOLDINGS

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 January 2019

Directors	Number of Units	
	Direct	Deemed
Lim Hwee Chiang John ¹	1,180,000	1,180,000 ²
Lim How Teck	1,200,000	--
Chia Nam Toon	--	--
Lim Ah Doo	--	--
Stefanie Yuen Thio	59,000	--
Lim Kong Puay	--	--
Lim Lee Meng	--	--
Moses K. Song ¹	--	--
Oh Eng Lock	23,600	--

Notes:

¹ As part of the Board's renewal process, Lim Hwee Chiang John and Moses K. Song have stepped down as Non-Executive Director of the Manager with effect from 1 January 2019.

² The 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.

ADDITIONAL INFORMATION

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) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000
ARA Trust Management (Cache) Limited		
– Manager's fees ¹	8,138	–
ARA & Its Associates ²		
– Acquisition fee	1,843	–
– Divestment fee	455	–
– Investment management fee	143	–
– Property management fee	4,680	–
– Other fees paid/payable to property manager ³	1,573	–
CWT Pte. Limited and associates		
– Rental income	19,964	–
HSBC Institutional Trust Services (Singapore) Limited		
– Trustee fees	406	–

Notes:

¹ The Manager has opted to receive 75% of the Manager's fees in Units for the year ended 31 December 2018. 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 On 2 July 2018, ARA, through its wholly-owned subsidiaries, acquired all of CWT Pte. Limited's shares in the Manager and property manager of Cache.

³ 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

ADDITIONAL INFORMATION

- (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 fee¹ 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 fee¹ 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 ¹	41,772
Net Assets	814,704
Percentage of total operating expenses to Net Assets	5.1%

The total operating expenses incurred by Cache amounted to approximately S\$41.8 million, equivalent to 5.1% of Cache's net assets as at 31 December 2018.

Note:

¹ Including all fees and charges paid to the Trustee, Manager and related parties.

SUBSCRIPTION OF UNITS IN CACHE

As at 31 December 2018, an aggregate of 1,074,653,480 Units were in issue. On 25 January 2019, Cache issued 1,767,462 Units to the Manager in satisfaction of its base management fees for the period from 1 October 2018 to 31 December 2018 and 1,460,433 Units in satisfaction of its performance management fees for the full year ended 31 December 2018.

NON-DEAL ROAD SHOW

Non-deal roadshow expenses incurred during the year ended 31 December 2018 amounted to approximately S\$5,027 (2017: S\$2,508).

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 Level 3, Meeting Rooms 331 - 332, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 22 April 2019, 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 Trust Management (Cache) Limited, as manager of Cache (the “**Manager**”) and the Audited Financial Statements of Cache for the financial year ended 31 December 2018 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);

NOTICE OF ANNUAL GENERAL MEETING

- (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 subparagraph (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]

(Ordinary Resolution 3)

AS OTHER BUSINESS

4. To transact such other business as may be transacted at an AGM.

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

Yeoh Kar Choo Sharon
Chiang Wai Ming
Company Secretaries

Singapore
3 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM 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 and Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 20 April 2019 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:

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.

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 3 April 2019.

*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 Level 3, Meeting Rooms 331 - 332, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 22 April 2019 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 2018 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		

* 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 _____ 2019

Signature of Unitholder(s)/Common Seal of Corporate Unitholder

Total number of Units held

--



First 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**") 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 and 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.



MANAGED BY
ARA Trust Management (Cache) Limited

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Suntec Tower Five, Singapore 038985
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Fax: (65) 6835 9672

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