

CORPORATE GOVERNANCE

INTRODUCTION

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

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

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

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

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

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

Other functions and responsibilities of the Manager include:

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

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

CORPORATE GOVERNANCE

THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

NOTES:

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

⁽²⁾ Resigned on 9 February 2018

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

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary resources are in place for Cache and the Manager to meet their objectives;
- establishing a framework of prudent and effective controls to assess and manage risks;
- providing oversight and reviews of Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect Cache's reputation;

- setting the ethical values and standards of corporate governance for the Manager and Cache, with the ultimate objective of safeguarding the interests of Unitholders and achieving sustainable growth for Cache; and
- considering sustainability issues such as environmental and social factors, as part of its strategic formulation.

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

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

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

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

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

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

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

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

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

BOARD COMPOSITION AND GUIDANCE

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

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

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

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

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

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

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

NOTES:

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

⁽²⁾ Appointed on 9 February 2018.

CORPORATE GOVERNANCE

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

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

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

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

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

The assessment of a Director's independence also takes into account the enhanced independence requirements and the definition of "independent director" as set out in the draft amendments to the SF(LCB)R (the "Draft SF(LCB)R"). Under the enhanced independence requirements set out in the Draft SF(LCB)R, an independent director is one who: (i) is independent from any management and business relationship with the Manager and Cache; (ii) is independent from any substantial shareholder¹ of the Manager and any substantial Unitholder² of Cache; and (iii) has not served on the Board for a continuous period of nine years or longer. Each Independent Non-Executive Director has declared that there were no relationships (as defined in the enhanced independence requirements under the Draft SF(LCB)R) or instances that would otherwise deem him/her not to be independent and none of the Independent Non-Executive Directors

have served more than nine years on the Board. Each of the Directors recused him/herself from reviewing his/her own independence.

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

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

- (i) There are four Independent Non-Executive Directors and four Non-Executive Directors out of a total of eight members. Accordingly, 50% of the Board is made up of Independent Directors and 100% is made up of Non-Executive Directors on the Board;
- (ii) There were two newly appointed Independent Non-Executive Directors in 2016, who bring fresh independent perspectives to the Board, out of a total of four independent members;
- (iii) The Independent Non-Executive Directors have been assessed based on more stringent independence criteria which include (a) length of service of not more than nine years, (b) independence from management and business relationships with the Manager and Cache, (c) independence from substantial shareholders of the Manager and substantial Unitholders of Cache (where "substantial" is defined as not less than 5% of total votes attached to all the voting shares of the Manager or Units in Cache (as the case may be)), and (d) and other factors described in Principle 4 of this report;

NOTES:

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

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

- (iv) A separate Lead Independent Director has been appointed, given that the Chairman is not an Independent Director. The Lead Independent Director serves in a lead capacity to coordinate the activities of the non-executive members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to Cache and its Unitholders; and
- (v) Interested Director(s) are required to abstain from voting when passing the Board resolution and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The Chairman and the CEO are not immediate family members.

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

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

BOARD MEMBERSHIP

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

BOARD PERFORMANCE

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

The Manager believes that collective Board performance and that of individual Board members are ultimately assessed and reflected in their proper guidance, diligent oversight, able leadership, and support provided to

Management. The Board takes the lead to steer Cache in the appropriate direction, with oversight of the governance and long-term performance of Cache towards maximisation of Unitholders' value.

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

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

ACCESS TO INFORMATION

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

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

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

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

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

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

REMUNERATION MATTERS

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

LEVEL AND MIX OF REMUNERATION

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

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

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

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

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

- (a) promote creation of sustainable value to align with the long-term interests of the Unitholders;
- (b) are designed to attract and retain talented staff for present and future growth of the Group, while taking into account the prevailing market conditions within the industry; and
- (c) are commensurate with the employees' responsibilities and rewards achievement of performance targets in an equitable way.

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

CORPORATE GOVERNANCE

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

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

DISCLOSURE ON REMUNERATION

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

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

The remuneration of Non-Executive Directors takes into account factors such as their time spent and responsibilities, including Board Committee memberships. Non-Executive Directors are paid a basic fee and those who perform additional services through Board Committees are paid

additional fees for such services. The remuneration of the Directors for FY2017 comprised entirely of Directors’ fees, which are paid in cash, details of which are set out below:

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

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

NOTE:

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

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

- (i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five executive officers so as to minimise potential staff movement which would cause undue disruptions to the management of Cache;
- (ii) the composition of the current management team has been quite stable and to ensure the continuity of business and operations of Cache, it is important that the Manager continues to retain its team of competent and committed staff;

- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top 5 executive officers and their performance; and
- (iv) there is no misalignment between the remuneration of the executive officers and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of Cache and is paid out of the assets of the Manager and not Cache.

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

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

ACCOUNTABILITY

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

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

Based on the internal controls established and maintained by the Manager, the 1207(10) Checklist and the reviews performed by the Internal and External Auditors, the

Board, with the concurrence of the Audit Committee, is of the opinion that taking into account the nature, scale and complexity of the Manager’s operations, Cache’s internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures are adequate and effective to meet the needs of Cache REIT in the current business environment.

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

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

- (i) the financial records have been properly maintained and that the financial statements give a true and fair view of Cache’s operations and finances; and
- (ii) the risk management and systems of internal controls established and maintained by the Manager are adequate and effective in addressing the material risks faced by Cache.

AUDIT COMMITTEE

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

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

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

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

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

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

The AC's responsibilities include:

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

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

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

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

In FY2017, the AC:

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

CORPORATE GOVERNANCE

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

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

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

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

WHISTLE-BLOWING POLICY

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

The AC had approved the Whistle-Blowing Policy which ensures proper conduct and closure of investigations,

including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the AC.

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

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

INTERNAL AUDIT

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

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

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

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

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

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

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

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

UNITHOLDER RIGHTS AND RESPONSIBILITIES

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

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

COMMUNICATION WITH UNITHOLDERS

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

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

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

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

CONDUCT OF UNITHOLDER MEETINGS

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

ADDITIONAL INFORMATION

DEALINGS IN UNITS

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

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

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

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

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

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

DEALING WITH CONFLICTS OF INTEREST

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

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

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

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

INTERESTED PERSON TRANSACTIONS

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

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

The following procedures will be undertaken:

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

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

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

CORPORATE GOVERNANCE

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

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

ROLE OF THE AUDIT COMMITTEE FOR INTERESTED PERSON TRANSACTIONS

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

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

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

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

MATERIAL CONTRACTS

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

CORPORATE GOVERNANCE

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

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

NOTES:⁽¹⁾Delisted on 19 April 2017⁽²⁾Delisted on 27 July 2017⁽³⁾Delisted on 18 December 2017[#] An alternate director is not subject to retirement and re-election