

Media Release

## Cache Logistics Trust Announces 2.140 cents DPU for 3Q 2014 and Completes Refinancing Exercise

- **Steady Financial Performance: 3Q 2014 DPU increased 0.7% to 2.140 cents**
- **Prudent Capital Management: Refinancing completed for its existing S\$375 million loan facilities**
- **Proactive Portfolio Management: Healthy Occupancy at 99.5%**

### Financial results summary

In S\$'000 unless otherwise noted	3Q 2014	3Q 2013	y-o-y Change (%)	YTD 2014	YTD 2013	y-o-y Change (%)
Gross Revenue	20,871	20,706	0.4	62,244	60,261	3.3
Net Property Income (NPI)	19,484	19,587	(0.5)	58,620	57,239	2.4
Income Available for Distribution	16,705	16,506	1.2	50,095	48,945	2.3
Distribution per unit (DPU) (cents)	2.140 <sup>(1)</sup>	2.126 <sup>(2)</sup>	0.7	6.427	6.507	(1.2)
Annualised DPU (cents)	8.490	--	--	--	--	--

(1) Based on 780,626,338 issued units which includes 779,559,020 issued units as at 30 September 2014 and 1,067,318 units to be issued to the Manager within 30 days from the quarter end as partial consideration of Manager's fees.

(2) Based on 776,307,743 issued units which includes 775,273,116 issued units as at 30 September 2013 and 1,034,627 units issued to the Manager in October 2013 as partial consideration of Manager's fees.

**Singapore, 23 October 2014** – ARA-CWT Trust Management (Cache) Limited, the manager (“Manager”) of Cache Logistics Trust (“Cache”) today announced a DPU of 2.140 Singapore cents for 3Q 2014, up 0.7% from the same period a year ago. Based on an annualised DPU of 8.490 cents and a closing price of S\$1.165 per unit as at 30 September 2014, Cache maintained an attractive distribution yield of 7.2%.

In 3Q 2014, Gross Revenue rose 0.4% year-on-year (“y-o-y”) to S\$20.8 million; correspondingly property expenses increased, netting a slightly lower NPI of S\$19.5 million. Income Available for Distribution was S\$16.7 million, up 1.2% y-o-y. For the nine months ended 30 September 2014, NPI rose 2.4% y-o-y to S\$58.6 million and Income Available for Distribution increased 2.3% to S\$50.1 million.

Daniel Cerf, Chief Executive Officer of the Manager, said: “Cache achieved another quarter of steady performance. In the quarter we have successfully addressed our financing needs, increased our

financial flexibility, and continue to secure lease commitments for upcoming expiries. Despite the significant increase in supply, the Cache portfolio is well-suited to attract large third-party logistics operators given the attractive attributes of the individual properties, particularly those with ramp-up features and optimal floor plates.”

### **Prudent Capital Management**

As at 30 September 2014, the aggregate leverage ratio was 28.8% with 70% of total borrowings fixed by way of interest rate swaps. The year-to-date all-in interest rate averaged 3.48%, while the weighted average debt maturity is 1.6 years. Interest coverage ratio is healthy at 6.3 times.

As part of its proactive capital management strategy, subsequent to the quarter end, the Manager has today completed the refinancing of its existing S\$375 million loan facilities. A S\$400 million club loan facility agreement was entered into providing a 4-year term loan facility of S\$185 million, a 5-year term loan facility of S\$150 million and a 4-year revolving credit facility of S\$65 million. The refinancing exercise extends the weighted average debt maturity from 1.6 years to 4.2 years<sup>1</sup>, lowers all-in margin by approximately 100 basis points<sup>2</sup> and increases Cache’s financial flexibility. The cost savings was achieved on the back of strong diversified banking relationships, the quality of the Cache portfolio and the stability of its cash flows.

### **Portfolio Performance & Proactive Lease Management**

As at 30 September 2014, Cache’s portfolio comprised 13 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and China, with a total gross floor area of 5.1 million square feet and a property value of S\$1.04 billion approximately. The portfolio is near full occupancy at 99.5% with a weighted average lease to expiry (“WALE”) of 3.6 years<sup>3</sup>.

The Manager continues to make good progress on negotiating new leases and forward renewals for lease expiries in 2015. It continues to work closely with its Sponsor CWT Limited, and C&P towards achieving the objective of maintaining high portfolio occupancy by securing existing and potential new end-users as direct tenants.

Earlier during the financial year, Cache embarked on its first build-to-suit development of a 989,200 square-foot logistics facility, DHL Supply Chain Advanced Regional Center (“DSC ARC”) located in Tampines LogisPark. Year-to-date, 36% of works is completed, and the project construction is progressing well, within budget and on schedule.

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<sup>1</sup> Based on total borrowings of S\$432.0 mil which includes the S\$97.0 mil loan facilities for the DSC ARC development.

<sup>2</sup> Includes bank margin and amortized upfront fee, and excludes the undrawn S\$97.0 mil loan facilities for the DSC ARC development and revolving credit facilities.

<sup>3</sup> This includes the initial 10-year lease with DHL Supply Chain Singapore Pte Ltd for DSC ARC.

## **Market Outlook**

Based on advance estimates, the Singapore economy grew by 2.4% on a y-o-y basis in 3Q 2014, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.2%, a reversal from the 0.1% contraction in the previous quarter<sup>4</sup>. The growth during the July to September period was unchanged from the previous quarter and slower than what most economists expected<sup>5</sup>.

Singapore's September Purchasing Managers' Index ("PMI") was 50.5 points, an increase of 0.8 points over the previous month, reflecting better manufacturing sentiments. Despite the positive reading, economists are cautious about the outlook, as uncertainty in the global recovery could weigh on Singapore's growth<sup>6</sup>.

According to property consultancy firm Colliers International<sup>7</sup>, Singapore's industrial property market experienced a stable stream of leasing activities. Given that tenants remain cost sensitive and with increasing competition for qualifying tenants as more completed industrial space comes onto the market<sup>8</sup>, industrial rents generally stayed subdued in 3Q 2014. Prime conventional warehouse space segment saw rents slide for the fourth consecutive quarter during this quarter.

Based on JTC's quarterly market report<sup>9</sup>, industry occupancy rates continued to fall, reaching their lowest levels since 2007. The vacancy rate of warehouses increased from 7.2% in 2Q 2013 to 11.5% in 2Q 2014. It must be noted that the vacancy rate does not reflect specifically to logistics warehouses but is representative of all warehouses island-wide.

For the remainder of the financial year, the Manager will continue to proactively manage and market the portfolio to secure tenants for lease renewals and future commitments. On its investment pursuits, it will continue to look to grow Cache via quality, accretive acquisitions in Singapore and in the Asia Pacific region, particularly in China, Australia, Malaysia and Korea.

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<sup>4</sup> Ministry of Trade and Industry, "Singapore's GDP Grew 2.4 Per Cent in the Third Quarter of 2014", press release dated 14 October 2014.

<sup>5</sup> <http://www.channelnewsasia.com/news/singapore/singapore-s-economy-grew/1413644.html>

<sup>6</sup> Channel News Asia "Singapore's manufacturing economy rebounds in September", 1 October 2014.

<sup>7</sup> Colliers International, "The Industrial Property Market Continues to See Marginal Change in Rents and Fewer Sales Activities in 3Q 2014", dated 9 October 2014. <http://www.colliers.com/en-gb/singapore/about/media/2014-10-09-sgp-industrial3q>

<sup>8</sup> According to Colliers International, some 11.7 million sq ft of industrial space were already completed in 1H 2014, which is higher than the 9.3 million sq ft of space in 2H 2013 and 6.3 million sq ft in 1H 2013.

<sup>9</sup> JTC, 2Q 2014 Quarterly Market Report for Industrial Properties.

**Distribution to Unitholders**

Unitholders can expect to receive their quarterly DPU for the period 1 July 2014 to 30 September 2014 in cash by 26 November 2014. The closure of Cache's transfer books and register of Unitholders is at 5.00pm on 31 October 2014.

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

Daniel Cerf  
Chief Executive Officer  
23 October 2014

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## **ABOUT CACHE LOGISTICS TRUST (“CACHE”)**

Cache Logistics Trust is a Real Estate Investment Trust (“REIT”) publicly listed on the Mainboard of Singapore Exchange Securities Trading Limited on 12 April 2010. Cache invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets, in Asia-Pacific.

Cache owns a portfolio of 13 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and China, with a total gross floor area of approximately 5.1 million square feet and a total deposited property of approximately S\$1.08 billion as at 30 September 2014.

Cache has a credit rating of Baa3 with a Stable Outlook from Moody's Investors Service.

Cache is managed by ARA-CWT Trust Management (Cache) Limited. For more information, please visit [www.cache-reit.com](http://www.cache-reit.com).

## **ABOUT ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED**

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

ARA is a real estate fund management company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

For more information, please visit [www.ara-asia.com](http://www.ara-asia.com).

CWT is a leading solutions provider of integrated logistics and supply chain management committed to connecting world trade and sustainable development. A Forbes Asia Fab 50 company, CWT serves the spectrum from small establishments to multinational corporations across multiple markets and geographies. Leveraging its strength and scale in logistics competencies, infrastructure and global network, CWT delivers solutions that help customers succeed and communities thrive. CWT has built a diversified portfolio around its core logistics capabilities. CWT provides commodity supply chain management for base metals and energy products. It is also engaged in engineering services for buildings, facilities and equipment fleet; property management; brokering services for exchange listed products; and asset and trust management for Cache Logistics Trust, a logistics property REIT. CWT is a Singapore corporation established in 1970 and traded on the Singapore Exchange since 1993. CWT employs around 6,000 people and reported revenue of S\$9.1 billion in 2013.

For more information, please visit [www.cwtlimited.com](http://www.cwtlimited.com).

**IMPORTANT NOTICE**

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

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

The past performance of Cache is not necessarily indicative of the future performance of Cache.