

Press Release

Cache Logistics Trust Achieves Distribution Per Unit of 1.847 cents in 3Q FY2016

Highlights:

- 3Q FY2016 Gross Revenue and Net Property Income increased 21.2% to S\$28.0 million and 17.5% to \$22.1 million respectively
- Approximately 873,000 square feet of leases secured year-to-date; over 296,000 square feet secured during the quarter
- Portfolio committed occupancy improved further to 96.5%, one of the highest within the sector

Financial Performance

In S\$'000 unless otherwise noted

	3Q FY2016	3Q FY2015	Change (%)	YTD FY2016	YTD FY2015	Change (%)
Gross Revenue	28,049	23,138	21.2	84,005	65,693	27.9
Net Property Income	22,069	18,784	17.5	66,674	56,979	17.0
Income Available for Distribution	16,582	16,807	(1.3)	52,660	50,389	4.5
- from operations	16,582	15,299	8.4	51,013	47,430	7.6
- from capital ⁽¹⁾	-	1,508	nm	1,647	2,959	(44.3)
Distribution Per Unit (cents)	1.847	2.140	(13.7)	5.875	6.426	(8.6)
- from operations	1.847	1.948	(5.2)	5.691	6.049	(5.9)
- from capital ⁽¹⁾	-	0.192	nm	0.184	0.377	(51.2)
Units in Issue (million)	897.8	785.6	14.3	897.8	785.6	14.3

Note:

(1) Relates to a portion of the sale proceeds from the disposal of Kim Heng Warehouse in June 2015

Singapore, 21 October 2016 – ARA-CWT Trust Management (Cache) Limited, the manager (the “Manager”) of Cache Logistics Trust (“Cache”), announced today an Income Available for Distribution to Unitholders of S\$16.6 million and a Distribution Per Unit (“DPU”) of 1.847 cents for the three months ended 30 September 2016 (“3Q FY2016”).

Gross Revenue for 3Q FY2016 grew by 21.2% year-on-year (“yoy”) to S\$28.0 million, while Net Property Income (“NPI”) rose by 17.5% to S\$22.1 million. The yoy growth in revenue and NPI was mainly due to the incremental revenue from the Australian acquisitions and DHL Supply Chain Advanced Regional Centre, offset by the lower income from 51 Alps Ave, Singapore.

Income Available for Distribution for 3Q FY2016 fell marginally by 1.3% yoy to S\$16.6 million as there was no capital distribution for the quarter compared to 3Q FY2015. On a like-for-like basis, 3Q FY2016 Income Available for Distribution would have increased 8.4% yoy.

DPU for the quarter was 1.847 cents, 13.7% lower yoy due to an enlarged unit base and a lower Income Available for Distribution. Excluding the capital distribution in 3Q FY2015, this quarter's DPU would have fallen by only 5.2% yoy.

Mr Daniel Cerf, CEO of the Manager said: "We continue to maintain a healthy operational performance. Our portfolio committed occupancy remains high at 96.5% and over 296,000 square feet of leases were signed during the quarter. The portfolio WALE is 4.0 years and our lease expiry profile is well-staggered with only 4.5% of the portfolio's leases due for renewal next year. Our financial performance was however affected by lower income received at 51 Alps Ave, a soft rental market for industrial space in Singapore and no capital distribution in this quarter compared to the same period last year. Nevertheless, we remain confident of our strong underlying property fundamentals, our position on the 51 Alps Ave matter, as well as our strategy to diversify outside Singapore."

Portfolio and Leasing Updates

The portfolio committed occupancy improved further from 95.8% as at 30 June 2016 to 96.5% as at 30 September 2016, one of the highest within the industrial sector. The portfolio weighted average lease to expiry ("WALE") is approximately 4.0 years (by net lettable area) with only 4.5% of the portfolio's leases due for renewal next year. More than 47% of its leases are committed till 2020 and beyond.

In 3Q FY2016, over 296,000 square feet of leases were signed, with a total of approximately 873,000 square feet of leases secured year-to-date. 40 Alps Ave Singapore ("Hi-Speed Logistics Centre") has been converted from master lease to multi-tenancy ahead of its lease expiry mid-October.

The Manager has kept investors informed of the matter in respect of 51 Alps Ave, Singapore. In response to the originating summons issued by Schenker on 30 May 2016, the Manager and the Trustee has and will continue to vigorously defend Cache in the interest of Unitholders. Subsequent to C&P Land ("C&P") having not delivered vacant possession of the property at the end of the master lease, on 7 September 2016, Cache filed a writ against C&P to claim for double the amount of rent payable under the Master Lease Agreement for the duration of the holding over period or damages arising as a result of Schenker remaining on the property. In the interim, under a holding arrangement, Cache will accept under protest a monthly payment from Schenker pending the resolution of the Court proceedings. The Manager remains confident of its position on the legal matter.

Capital Management Update

As at 30 September 2016, Cache's aggregate leverage stood at 41.2% up from 39.8%¹ primarily due to the revaluation of 51 Alps Ave in view of the on-going legal dispute. The YTD average all-in cost of financing was 3.62% per annum and the debt maturity profile is well-spread with a weighted average debt maturity of 2.4 years. Approximately 72% of the Singapore-dollar borrowings and 50% of the onshore Australian-dollar borrowings are hedged into fixed rates. About 94% of Cache's distributable income has been hedged into or is derived in Singapore dollars, representing minimal exposure to foreign currency risk.

Outlook

The operating environment in Singapore remains challenging. Based on advance estimates from the Ministry of Trade & Industry, Singapore's economy expanded by 0.6% in the third quarter of 2016 compared with a year ago². According to Knight Frank, with softened demand and a strong pipeline supply of industrial space in the market, industrial rents are expected to fall further³.

The Australian economy continues to grow at a moderate rate, and the country has now undergone 20 consecutive quarters of positive growth⁴. The large decline in mining investment is offset by growth in other areas, including residential construction, public demand and exports. Household and business sentiments remain above average, while the unemployment rate continues to fall further. As part of its monetary easing, the cash rate was reduced from 2.0% to 1.75% in May 2016 and to 1.5% in August 2016 and was unchanged in October 2016⁵.

Mr Cerf added: "Notwithstanding uncertainties in the global economy and the significant supply of industrial space in Singapore, the Manager will continue to focus on proactive asset management, portfolio rebalancing and prudent capital management. In Australia, the longer WALE for Cache's Australian portfolio, which averages approximately 6.4 years⁶, will enable Cache to ride on the longer term growth in the country."

Distribution to Unitholders

Cache will pay a distribution of 1.847 cents per unit on 28 November 2016 for the period from 1 July 2016 to 30 September 2016. The books closure date is on 31 October 2016.

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¹ As at 30 June 2016

² Ministry of Trade and Industry Press Release, "Singapore's GDP Grew by 0.6 Per Cent in Third Quarter of 2016", 14 October 2016

³ Knight Frank Singapore, Singapore Industrial Market - Q3 2016

⁴ Colliers International, Australia Industrial Capital Markets Investment Review 2015/16

⁵ Reserve Bank of Australia, 4 October 2016, "Statement by Philip Lowe, Governor: Monetary Policy Decision", <http://www.rba.gov.au/media-releases/2016/mr-16-26.html>

⁶ As at 30 September 2016, by net lettable area



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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

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ABOUT CACHE LOGISTICS TRUST (“CACHE”)

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

Cache’s portfolio comprises 19 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore, Australia and China. The portfolio has a total gross floor area of approximately 7.5 million square feet valued at approximately S\$1.3 billion as at 30 September 2016.

Cache is managed by ARA-CWT Trust Management (Cache) Limited. For more information, please visit 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 main board of the Singapore Exchange. ARA’s business is focused on the following business segments:

- (a) REITs – The Group is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries namely, Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong and AmFIRST REIT listed in Malaysia. The Group also manages four privately-held REITs in South Korea;
- (b) Private real estate funds – The Group manages several private funds investing in real estate in Asia; and
- (c) Real estate management services – The Group provides property management services and convention & exhibition services, including managing the award-winning Suntec Singapore Convention & Exhibition Centre

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

CWT is a leading provider of integrated logistics and supply chain solutions. CWT’s business is about connecting world trade. CWT moves, builds and powers its customers’ supply chain forward. CWT Group combines its logistics capabilities, global network and resources to add value for its customers. CWT Group also provides commodity marketing, financial and engineering services ancillary to its core logistics business.

For more information, please visit 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.