

Press Release

Cache Logistics Trust 4Q FY17 Income Available for Distribution Higher by 2.5% Year-on-Year

Performance Highlights:

- Maintained strong portfolio metrics – Occupancy of 96.6%, WALE of 3.4 years
- Healthy aggregate leverage of 36.3% with diversified funding sources
- Positive Outcome at 51 Alps Ave, Singapore
- Proposed divestment of Hi-Speed Logistics Centre as part of Portfolio Rebalancing & Growth Strategy
- Quality of the portfolio continues to improve

Financial Performance

In S\$'000 unless otherwise noted

	4Q FY17	4Q FY16	Change (%)	FY17	FY16	Change (%)
Gross Revenue	29,576	27,266	8.5	111,960	111,271	0.6
Net Property Income (NPI)	23,520	21,340	10.2	87,291	88,014	(0.8)
Income Available for Distribution	17,079	16,658	2.5	66,015	69,318	(4.8)
- from operations	17,079	15,902	7.4	64,403	66,915	(3.8)
- from capital ⁽¹⁾	-	756	nm	1,612	2,403	(32.9)
Distribution per Unit (DPU) (cents)⁽²⁾	1.597	1.770	(9.8)	6.583	7.391	(10.9)
- from operations	1.597	1.690	(5.5)	6.418	7.135	(10.0)
- from capital ⁽¹⁾	-	0.080	nm	0.165	0.256	35.5)
Excluding impact of the Rights Issue						
	4Q FY17	4Q FY16	Change (%)	FY17	FY16	Change (%)
Distribution per Unit (DPU) (cents)	1.829	1.850	(1.1)	7.247	7.725	(6.2)
- from operations	1.829	1.766	3.6	7.069	7.457	(5.2)
- from capital ⁽¹⁾	-	0.084	nm	0.178	0.268	(33.6)

Notes:

(1) Relates to the sale proceeds received from the divestment of Kim Heng Warehouse

(2) As reported and recomputed

Singapore, 18 January 2018 – ARA-CWT Trust Management (Cache) Limited, the manager (the “Manager”) of Cache Logistics Trust (“Cache”), announced today an Income Available for Distribution of S\$17.1 million for the period 1 October to 31 December 2017 (“4Q FY17”) which was 2.5% higher than the same period last year (“4Q FY16”).

The distribution per unit (“DPU”) for 4Q FY17 was 1.597 cents, based on an enlarged units base post the Right Issue in October 2017¹. Excluding the effects of the Rights Issue, 4Q FY17 DPU from operations would have been 3.6% higher year-on-year.

4Q FY17 Gross Revenue and NPI rose by 8.5% and 10.2% to S\$29.6 million and S\$23.5 million respectively compared to 4Q FY16. This was mainly attributable to the rental top-up in respect of 51 Alps Ave² and incremental contribution from the Spotlight warehouse located at Laverton North, Melbourne, Australia which was acquired in March 2017, offset by drop in revenue from the divestment of Changi Districentre 3, a lower contribution from Changi Districentre 2 and higher property expenses.

For the 12 months ended 31 December 2017 (“FY17”), Gross Revenue increased by 0.6% to approximately S\$112.0 million while NPI fell marginally by 0.8% to S\$87.3 million compared to the same period last year (“FY16”). This was mainly due to the rental top-up in respect of 51 Alps Ave, higher contribution from the Australia portfolio, DHL Supply Chain Advanced Regional Centre and Cold Centre, offset by drop in revenue from the divestment of Changi Districentre 3 and lower contribution from Changi Districentre 2. The conversion from a triple-net master lease structure in a soft rental market for 40 Alps Ave and 51 Alps Ave also contributed to a lower NPI. The Income Available for Distribution was S\$66.0 million, and DPU for the full year was 6.583 cents³.

Mr Daniel Cerf, Chief Executive Officer of the Manager said: “FY17 was a busy year in which we exercised all of our expertise in improving Cache’s operating metrics and enhancing earnings sustainability going forward. In that regard, the Manager undertook an acquisition, a divestment - with another on the way, strengthened our financial flexibility, as well as continued our strong performance in asset management. We divested Changi Districentre 3, acquired the Spotlight warehouse in Laverton North, Melbourne, Australia and have announced the divestment of Hi-Speed Logistics Centre, all part of our proactive portfolio rebalancing and growth strategy.”

“On the capital management front, with the proceeds from the successful Rights Issue, we have reduced our aggregate leverage to a comfortable level of 36.3% and further expanded our financial flexibility through the establishment of a S\$1 billion multi-currency debt programme last December. Looking ahead, we will continue to further seek growth opportunities to create sustainable earnings for Unitholders over time.”

1 Cache successfully completed a renounceable 18-for-100 Rights Issue and approximately 162.6 million new Units were issued on 9 October 2017.

2 Cache announced the amicable resolution to the legal proceedings at 51 Alps Ave, Singapore on 31 October 2017. The Gross Revenue figure included the rental top-up for the period from 1 September 2016 to 31 December 2017.

3 As reported and recomputed.

Proactive Capital Management

As at 31 December 2017, Cache maintained a prudent capital structure with an aggregate leverage of 36.3%. The average all-in financing cost for the year was reduced marginally to 3.56% compared to 3.60% in FY16.

Cache undertook a successful renounceable Rights Issue to raise gross proceeds of approximately S\$102.7 million in the third quarter of FY17. Approximately S\$99.9 million of the net proceeds were used to partially repay Cache's existing borrowings to reduce aggregate leverage and create additional debt headroom for future growth. Cache's aggregate leverage stood at a healthy 36.3% as at 31 December 2017. With the proceeds from the divestment of Hi-Speed Logistics Centre used to repay borrowings, the aggregate leverage would be lowered to 32.4%, providing a larger debt headroom of approximately S\$228.6 million⁴ for future growth.

As part of its capital management strategy to diversify its funding sources and to provide financial flexibility, Cache established a S\$1 billion multi-currency debt programme last month.

Proposed Divestment of Hi-Speed Logistics Centre

In line with the Manager's portfolio rebalancing and growth strategy, Cache entered into a Sale & Purchase Agreement to divest Hi-Speed Logistics Centre located at 40 Alps Ave, Singapore on 18 January 2018 for a sale consideration of S\$73.8 million. The sale price represents an approximately 7.0% gain over the valuation of the property as at 31 December 2017. The Manager intends to utilise the proceeds to reduce debt and reinvest the capital into higher value-adding assets to generate sustainable earnings. The impact on DPU and NAV is marginal at -0.8% and 0.2% respectively⁵.

Portfolio Updates

As at 31 December 2017, Cache's portfolio committed occupancy remained strong at 96.6% and the portfolio weighted average lease to expiry ("WALE") was 3.4 years⁶. Approximately 466,400 square feet of leases were signed in 4Q FY17, making up a total of approximately 852,700 square feet of leases renewed and signed in FY17.

In relation to the lease at 51 Alps Ave Singapore, an amicable resolution to the legal proceedings was reached during the quarter. With the positive outcome, Cache would receive market rental for the property during the period of the Holding Arrangement (1 September 2016 through 31 December 2017) as well as under a new lease with Schenker. Schenker will continue to occupy the entire premises till August 2021.

⁴ Based on the statutory 45% aggregate leverage ratio.

⁵ Based on FY17 unaudited financial statements.

⁶ By net lettable area.

Outlook

The Singapore industrial market continues to remain challenging due to an oversupply of warehouse space although economic indicators have improved. The vacancy rate for warehouse space in Singapore increased 0.6% points quarter-on-quarter to 12.5% in 3Q 2017, reaching the highest record since 2006 due to weak net demand.⁷ The volume of leasing transactions has nevertheless increased, and a lower decrease in rental rates is anticipated in 2018. Looking ahead, Singapore's economic recovery is largely supported by trade-related sectors which is likely to drive greater demand for industrial space, while supply pressure eases in 2018.

Economic conditions in Australia remain stable and public infrastructure investments continue to underpin the strong demand for industrial space. The cash rate was unchanged in December 2017 at 1.5% and GDP growth will likely average around 3% over the next few years as business conditions are positive and capacity utilisation has increased⁸. Over the next six months, it is anticipated that yields will remain stable with long run growth in industrial property values within the Eastern Seaboard states⁹.

In addition to its portfolio rebalancing and growth strategy, the Manager remains focused on proactive lease and asset management to maintain high occupancy and optimise overall returns. The Manager also remains committed to a disciplined and prudent approach to capital management.

Distribution to Unitholders

Cache will pay a distribution of 1.597 cents per unit on 27 February 2018 for the period from 1 October 2017 to 31 December 2017. The books closure date is on 26 January 2018.

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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
18 January 2018

⁷ Savills World Research, "Briefing – Singapore Industrial Sector", 13 December 2017.

⁸ Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 5 December 2017.

⁹ Colliers International, Industrial Research and Forecast Report, Second Half 2017.



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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 7.6 million square feet valued at approximately S\$1.2 billion¹⁰ as at 31 December 2017.

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

Established in 2002, ARA Asset Management Limited (“ARA” or the “Group”) is a premier integrated real estate fund manager driven by a vision to be the best-in-class real estate fund management company focused on the management of real estate investment trusts (“REITs”) and private real estate funds.

ARA’s business is focused on the following segments:

- (a) **REITs** - ARA is one of the largest REIT managers in Asia ex-Japan and currently manages five listed REITs, namely Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore and Hui Xian REIT and Prosperity REIT listed in Hong Kong. The Group also manages six privately-held REITs in South Korea;
- (b) **Private real estate funds** - The Group manages nine 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

¹⁰ Based on independent valuations as at 31 December 2017.



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ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. ARA has distinguished itself over the years with its unique investor-operator philosophy, which nurtures each asset from acquisition to divestment to add value to every stage of the asset life cycle. Built on a foundation of strong corporate governance and business integrity, it counts some of the world's largest pension funds, financial institutions, endowments and family offices as its investors.

ARA has approximately 1,300 staff in 20 cities in seven countries. It manages over 90 properties measuring 57 million square feet in Asia Pacific, with approximately S\$40 billion in assets under management.

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.