

DATED 31 MAY 2012

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular dated 31 May 2012 (“**Circular**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Cache Logistics Trust (“**Cache**”, and units in Cache, “**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



(a real estate investment trust constituted on 11 February 2010  
under the laws of the Republic of Singapore)

Managed By

**ARA-CWT Trust Management (Cache) Limited**

**CIRCULAR TO UNITHOLDERS IN RELATION TO:**

- (1) THE PROPOSED ACQUISITION AND MASTER LEASE OF PANDAN LOGISTICS HUB; AND
- (2) THE PROPOSED AGREEMENT FOR LEASE AND ESCROW LEASES IN RELATION TO PANDAN LOGISTICS HUB

**Independent Financial Adviser to the Independent Directors of  
ARA-CWT Trust Management (Cache) Limited**

**CIMB BANK BERHAD (13491-P)  
SINGAPORE BRANCH**  
(Incorporated in Malaysia)

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for lodgement of Proxy Forms	:	Sunday, 17 June 2012 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	Tuesday, 19 June 2012 at 2.00 p.m.
Place of Extraordinary General Meeting	:	InterContinental Singapore 80 Middle Road Singapore 188966

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## CORPORATE INFORMATION

<b>Directors of ARA-CWT Trust Management (Cache) Limited (the manager of Cache) (the “Manager”)</b>	:	Mr Lim How Teck (Chairman and Non-Executive Director) Mr Lim Hwee Chiang John (Non-Executive Director) Mr Liao Chung Lik (Non-Executive Director) Mr Jimmy Yim Wing Kuen (Non-Executive Director) Mr Lim Ah Doo (Independent Director and Chairman of the Audit Committee) Ms Stefanie Yuen Thio (Independent Director) Mr Moses K. Song (Alternate Director to Mr Lim Hwee Chiang John)
<b>Registered Office of the Manager</b>	:	6 Temasek Boulevard #16-02 Suntec Tower Four Singapore 038986
<b>Trustee of Cache (the “Trustee”)</b>	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #14-01 HSBC Building Singapore 049320
<b>Legal Adviser for the Acquisition (as defined herein) and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser for the Trustee</b>	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>Unit Registrar and Unit Transfer Office</b>	:	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
<b>Independent Financial Adviser to the Independent Directors of the Manager (the “Independent Directors”, and the independent financial adviser to the Independent Directors, the “IFA”)</b>	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
<b>Independent Valuers</b>	:	CKS Property Consultants Pte Ltd (appointed by the Manager) 250 North Bridge Road #09-02 Raffles City Tower Singapore 179101  Knight Frank Pte Ltd (appointed by the Trustee) 16 Raffles Quay #30-00 Hong Leong Building Singapore 048581

## OVERVIEW

*The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 28 to 32 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### SUMMARY OF APPROVALS SOUGHT

The Manager seeks approvals from unitholders of Cache (“**Unitholders**”) for the resolutions stated below:

**(1) RESOLUTION 1: THE PROPOSED ACQUISITION AND MASTER LEASE OF PANDAN LOGISTICS HUB (ORDINARY RESOLUTION<sup>1</sup>) (CONDITIONAL UPON PASSING OF RESOLUTION 2)**

The Manager seeks approval from Unitholders for the proposed acquisition of Pandan Logistics Hub which is located at 49 Pandan Road, Singapore 609290 (“**Pandan Logistics Hub**”, and the proposed acquisition of Pandan Logistics Hub, the “**Acquisition**”), from 49 Pandan Pte. Ltd. (the “**Vendor**”), which is a wholly-owned subsidiary of CWT Limited (which in turn holds 40.0% of the issued share capital of the Manager). On 7 May 2012, the Trustee entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor to acquire Pandan Logistics Hub.

On completion of the Acquisition (“**Completion**”), the Trustee and CWT Limited shall enter into a master lease agreement (the “**Master Lease Agreement**”) pursuant to which CWT Limited will take a lease of the whole of Pandan Logistics Hub for a term of three years (the “**Master Lease**”).

**(2) RESOLUTION 2: THE PROPOSED AGREEMENT FOR LEASE AND ESCROW LEASES IN RELATION TO PANDAN LOGISTICS HUB (ORDINARY RESOLUTION) (CONDITIONAL UPON PASSING OF RESOLUTION 1)**

On Completion, the Trustee and CWT Limited shall also enter into an agreement for leases to be taken by CWT Limited in respect of (a) the entire first storey warehouse and first storey mezzanine office of Pandan Logistics Hub (the “**First Storey Premises**”) and (b) the entire fifth storey warehouse and fifth storey mezzanine office of Pandan Logistics Hub (the “**Fifth Storey Premises**”) for terms of four and two years, respectively, commencing upon the expiry of the term of the Master Lease (the “**Agreement for Lease**” or the “**AFL**”).

In order to give effect to the above Agreement for Lease, two leases will be signed upfront on Completion by the Trustee and CWT Limited and held in escrow until the expiry of the term of the Master Lease (the “**Escrow Leases**”). At the expiry of the term of the Master Lease, the Escrow Leases will come into effect upon the Trustee dating the Escrow Leases and delivering a copy thereof to CWT Limited.

The First Storey Premises and Fifth Storey Premises are collectively referred to herein as the “**Escrow Leases Premises**”.

The entry into of the Master Lease Agreement, the AFL and the Escrow Leases by the Trustee and CWT Limited are referred to herein as the “**Related Transactions**”, and the Acquisition and the Related Transactions are referred to herein as the “**Transactions**”.

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<sup>1</sup> “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 1 April 2010 constituting Cache (as amended) (the “**Trust Deed**”).

## **RESOLUTION 1: THE PROPOSED ACQUISITION AND MASTER LEASE OF PANDAN LOGISTICS HUB (ORDINARY RESOLUTION)**

The Manager seeks approval from Unitholders for the proposed acquisition of Pandan Logistics Hub from the Vendor, which is a wholly-owned subsidiary of CWT Limited (which in turn holds 40.0% of the issued share capital of the Manager). On 7 May 2012, the Trustee entered into the Sale and Purchase Agreement with the Vendor to acquire Pandan Logistics Hub.

On Completion, the Trustee and CWT Limited shall enter into the Master Lease Agreement pursuant to which CWT Limited will take a lease of the whole of Pandan Logistics Hub.

### **Description of Pandan Logistics Hub**

Pandan Logistics Hub, which is located at 49 Pandan Road, Singapore 609290, is a new five-storey fully ramp-up warehouse with a gross floor area (“**GFA**”) of approximately 329,109 square feet (“**sq ft**”). It has a floor plate size of approximately 58,000 sq ft which, along with the accessible mezzanine office space, caters well to single end-users (as defined herein) requiring such size and accommodation. Pandan Logistics Hub received its temporary occupation permit (“**TOP**”) on 14 October 2011 and its certificate of statutory completion (“**CSC**”) on 13 April 2012. The building is fully occupied by end-users who have entered into service agreements with CWT Limited.

Pandan Logistics Hub is located in the Pandan/Penjuru area within the Jurong Industrial Estate. This area is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals<sup>1</sup>, Jurong Port and Jurong Island. Pandan Logistics Hub is well served by major arterial roads and transport networks such as the nearby West Coast Highway, Ayer Rajah Expressway (“**AYE**”), Pan Island Expressway (“**PIE**”), and Jurong East Mass Rapid Transit (“**MRT**”) station.

(See **Appendix A** of this Circular for further details about Pandan Logistics Hub.)

### **Estimated Total Acquisition Cost**

The purchase consideration payable to the Vendor in connection with the Acquisition is S\$66.0 million (the “**Purchase Consideration**”). The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and supported by independent valuations.

The Manager has commissioned an independent property valuer, CKS Property Consultants Pte Ltd (“**CKS**”), and the Trustee has commissioned an independent property valuer, Knight Frank Pte Ltd (“**Knight Frank**”, together with CKS, the “**Independent Valuers**”), to value Pandan Logistics Hub. CKS in its report dated 31 March 2012, stated that the open market value of Pandan Logistics Hub is S\$66.5 million (based on a market comparison approach, a discounted cash flow analysis and a capitalisation of income approach), and Knight Frank in its report dated 31 March 2012, stated that the open market value of the Pandan Logistics Hub is S\$66.0 million (based on an investment method, a discounted cash flow method and a comparable sales method).

The estimated total cost of the Acquisition (the “**Total Acquisition Cost**”) is S\$69.3 million, comprising:

- (i) the Purchase Consideration of S\$66.0 million;
- (ii) the acquisition fee payable in Units to the Manager for the Acquisition pursuant to the Trust Deed (the “**Acquisition Fee**”), which amounts to S\$0.7 million<sup>2</sup> (being 1.0% of the Purchase Consideration); and

<sup>1</sup> The PSA Terminals refer to Pasir Panjang Terminal 1, Pasir Panjang Terminal 2, Brani Terminal, Tanjong Pagar Terminal, Keppel Terminal and Sembawang Wharves.

<sup>2</sup> As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix in Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (the “**MAS**”), the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

- (iii) the estimated professional and other fees and expenses incurred or to be incurred by Cache in connection with the Acquisition (inclusive of debt financing related expenses) of approximately S\$2.6 million.

#### **Method of Financing**

The Manager intends to finance all acquisition costs relating to the Acquisition (save for the Acquisition Fee which will be paid through the issuance of Units) from its debt facilities.

(See “Method of Financing” at paragraph 2.3 of the Letter to Unitholders for further details.)

#### **RESOLUTION 2: THE PROPOSED AGREEMENT FOR LEASE AND ESCROW LEASES IN RELATION TO PANDAN LOGISTICS HUB (ORDINARY RESOLUTION)**

On Completion, the Trustee and CWT Limited shall also enter into the Agreement for Lease in respect of the First Storey Premises and the Fifth Storey Premises for terms of four and two years, respectively, commencing upon the expiry of the term of the Master Lease.

In order to give effect to the above Agreement for Lease, two leases (referred to above as the Escrow Leases) will be signed upfront on Completion by the Trustee and CWT Limited and held in escrow until the expiry of the term of the Master Lease. At the expiry of the term of the Master Lease, the Escrow Leases will come into effect upon the Trustee dating the Escrow Leases and delivering a copy thereof to CWT Limited.

(See “Certain Principal Terms of the Master Lease Agreement” and “Certain Principal Terms of the AFL and Escrow Leases” at paragraph 2.5 and paragraph 3.1, respectively, of the Letter to Unitholders for further details.)

#### **RATIONALE FOR THE ACQUISITION AND THE RELATED TRANSACTIONS**

The Manager believes that the Acquisition and the Related Transactions will bring the following key benefits to Unitholders:

##### **The Acquisition Fits the Manager’s Investment Strategy and Provides an Opportunity for Further Exposure to the High-Growth Logistics Sector**

The Acquisition fits the Manager’s principal investment strategy for Cache to invest in quality income producing real estate used primarily for logistics purposes that will provide overall yield accretion and value creation opportunities so as to deliver stable distributions and sustainable total returns to the Unitholders.

##### **Overall Enhancements to Portfolio**

The Transactions will result in the following enhancement to Cache’s portfolio:

- increased market share of ramp-up logistics warehouses in Singapore;
- improved lease expiry profile;
- reduced overall average building age of the Enlarged Portfolio (as defined herein);
- improved end-user diversification; and
- further income diversification.

### **Competitive Strengths of Pandan Logistics Hub**

The Manager believes Pandan Logistics Hub enjoys the following competitive strengths:

- strategically located;
- high occupancy rate and predictable cash flow;
- modern and attractive technical specifications; and
- a quality base of end-users.

### **Increased portfolio size creates stronger platform for further acquisition growth**

The Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to better access to both the capital markets and the debt markets.

### **Higher Locked-In Rental Escalation compared to the Existing Portfolio and the Industry Norm**

The rental escalation rate for Pandan Logistics Hub is higher than the range for Cache's Existing Portfolio (as defined herein) and the industry norm.

(These benefits are elaborated in "Rationale for the Acquisition and the Related Transactions" at paragraph 3 of the Letter to Unitholders below.)

## INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the extraordinary general meeting (the “**EGM**”) is indicative only and is subject to change at the Manager’s absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

<b>Event</b>	<b>Date and Time</b>
Last date and time for lodgement of Proxy Forms	: Sunday, 17 June 2012 at 2.00 p.m.
Date and time of the EGM	: Tuesday, 19 June 2012 at 2.00 p.m.
<b>If approval for Resolutions 1 and 2 is obtained at the EGM:</b>	
Target date for Completion	: 9 July 2012 (or such other date as may be agreed between the Trustee and the Vendor)



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under the laws of the Republic of Singapore)

## Directors of the Manager (“Directors”)

## Registered Office

Mr Lim How Teck (Chairman and Non-Executive Director)  
Mr Lim Hwee Chiang John (Non-Executive Director)  
Mr Liao Chung Lik (Non-Executive Director)  
Mr Jimmy Yim Wing Kuen (Non-Executive Director)  
Mr Lim Ah Doo (Independent Director and Chairman of the Audit Committee)  
Ms Stefanie Yuen Thio (Independent Director)  
Mr Moses K. Song (Alternate Director to Mr Lim Hwee Chiang John)

6 Temasek Boulevard  
#16-02 Suntec Tower Four  
Singapore 038986

31 May 2012

To: Unitholders of Cache Logistics Trust

Dear Sir/Madam

### 1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek approvals from Unitholders for the resolutions stated below:

- (1) Resolution 1: The Proposed Acquisition and Master Lease of Pandan Logistics Hub (Ordinary Resolution) (Conditional upon passing of Resolution 2)
- (2) Resolution 2: The Proposed Agreement for Lease and Escrow Leases in Relation to Pandan Logistics Hub (Ordinary Resolution) (Conditional upon passing of Resolution 1)

### 2. THE PROPOSED ACQUISITION AND MASTER LEASE

#### 2.1 Description of Pandan Logistics Hub

Pandan Logistics Hub, which is located at 49 Pandan Road, Singapore 609290, is a new five-storey ramp-up warehouse with a GFA of approximately 329,109 sq ft. It has a floor plate size of approximately 58,000 sq ft which, along with the accessible mezzanine office space, caters well to single end-users requiring such size and accommodation. Pandan Logistics Hub received its TOP on 14 October 2011 and its CSC on 13 April 2012. The building is fully occupied by end-users who have entered into service agreements with CWT Limited.

Pandan Logistics Hub is located in the Pandan/Penjuru area within the Jurong Industrial Estate. This area is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals, Jurong Port and Jurong Island. Pandan Logistics Hub is well served by major arterial roads and transport networks such as the nearby West Coast Highway, AYE, PIE, and Jurong East MRT station.

(See **Appendix A** of this Circular for further details about Pandan Logistics Hub.)

#### 2.2 Estimated Total Acquisition Cost

The Purchase Consideration payable is S\$66.0 million. The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and supported by independent valuations.

The Manager has commissioned an independent property valuer, CKS, and the Trustee has commissioned an independent property valuer, Knight Frank, to value Pandan Logistics Hub. CKS in its report dated 31 March 2012, stated that the open market value of Pandan Logistics Hub is S\$66.5 million (based on a market comparison approach, a discounted cash flow analysis and a capitalisation of income approach), and Knight Frank in its report dated 31 March 2012, stated that the open market value of the Pandan Logistics Hub is S\$66.0 million (based on an investment method, a discounted cash flow method and a comparable sales method).

The estimated Total Acquisition Cost is S\$69.3 million, comprising:

- (i) the Purchase Consideration of S\$66.0 million;
- (ii) the Acquisition Fee which amounts to S\$0.7 million<sup>1</sup> (being 1.0% of the Purchase Consideration); and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by Cache in connection with the Acquisition (inclusive of debt financing related expenses) of approximately S\$2.6 million.

### 2.3 Method of Financing

The Manager intends to finance all acquisition costs relating to the Acquisition (save for the Acquisition Fee which will be paid through the issuance of Units) from the proposed debt facilities as described below.

The Manager will embark on a capital management exercise to increase the amount of facility against the present collateral, and in doing so, avoid introducing further security over the remaining assets within the portfolio. The increased facility will allow the Manager to fund the Acquisition entirely by debt and increase the amount of revolving credit facility and the tenure of the debt.

A bank facility of S\$375.0 million will be provided by Standard Chartered Bank and DBS Bank Ltd. for Cache to retire the existing S\$203.0 million bank facility secured during the initial public offering (“IPO”) of Cache (which was provided by a syndicate of Lenders, Standard Chartered Bank, DBS Bank Ltd., Macquarie (Asia), Societe Generale and China Trust Commercial Bank), and for the repayment of the existing \$40 million unsecured loan. The effective interest rate (bank margin plus pro rated upfront fee per annum) for the existing S\$203.0 million loan is 3.1% plus Swap Offer Rate, and the effective interest rate for the new bank facility of S\$375.0 million is 2.8% plus Swap Offer Rate.

The estimated refinancing costs in relation to the proposed capital management exercise is approximately S\$11.0 million, arising mainly from (i) the upfront fee for the new secured loan, (ii) the unwinding of the present swap facility and (iii) the redeeming of the existing bonds issued by Cache. The Aggregate Leverage<sup>2</sup> of Cache is 27.7% as at 31 March 2012. Following Completion, assuming that the Manager borrowed S\$79.6 million to finance the Acquisition and the refinancing costs, and taking into account (i) the 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012, (ii) the completion of the acquisition of Pan Asia Logistics Hub and (iii) the capital management exercise, Cache’s Aggregate Leverage will be 32.5% (for illustrative purposes only).

### 2.4 Certain Terms of the Sale and Purchase Agreement

On 7 May 2012, the Trustee entered into the Sale and Purchase Agreement with the Vendor to acquire Pandan Logistics Hub.

The principal terms of the Sale and Purchase Agreement include, among others, the following conditions precedent:

- (i) Cache obtaining Unitholders’ approval for the Acquisition and the Master Lease; and
- (ii) the final approval from JTC Corporation (“JTC”) for the Acquisition and the Master Lease.

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<sup>1</sup> As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix issued by the MAS, the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

<sup>2</sup> “Aggregate Leverage” refers to the ratio of the value of borrowings and deferred payments (if any) to the value of the gross assets of Cache, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the “Deposited Property”).

## 2.5 Certain Principal Terms of the Master Lease Agreement

### 2.5.1 The Term of the Master Lease and the Rental Payable

On Completion, the Master Lease Agreement will be entered into between the Trustee and CWT Limited pursuant to which CWT Limited will lease the whole of Pandan Logistics Hub for a term of three years. The table below sets out the rental payable during the term of the Master Lease.

Year	Rental Payable (per annum)
First Year	S\$5,202,240
Second Year	S\$5,332,296
Third Year	S\$5,465,604

The basis for the triple-net rental rates under the Master Lease Agreement are based on comparable market gross rental rates reported in URA Real Estate Information System and the prevailing asking market gross rents of warehouse space in the Western region of Singapore (adjusted for triple-net costs), compiled and reported by Colliers International. Such reports by Colliers International, which are published monthly, only state the prevailing asking rental rates for different warehouses classified into East, North and West zones but not the details of triple net or market gross rental rates. These rental rates were arrived at on an arm's length basis and are supported by market rental rates and the opinions of the two Independent Valuers<sup>1</sup>, and are thus not prejudicial to Cache and the minority Unitholders.

### 2.5.2 Tenant's Obligations

#### (i) Property Tax and Land Rent

CWT Limited will be responsible for all property tax and Land Rent (as defined herein) in respect of Pandan Logistics Hub for the term of the Master Lease.

#### (ii) Taxes and Outgoings

CWT Limited must pay Cache the taxes payable by Cache (excluding income tax) in respect of (1) any sum payable by CWT Limited under the Master Lease Agreement and/or (2) the occupation and lease of Pandan Logistics Hub by CWT Limited. CWT Limited is also responsible for, and must pay all outgoings.

#### (iii) Utilities and other costs

CWT Limited will be responsible for (1) all utility costs and (2) all costs and expenses for the operation of the building and certain mechanical and electrical ("**M&E**") equipment.

#### (iv) Security Deposit

CWT Limited will place a security deposit with Cache equivalent to six months' rent.

The six-months' security deposit is in line with the terms of the lease agreements in relation to Cache's third-party acquisitions of 4 Penjuru Lane and 22 Loyang Lane as well as other real estate investment trusts ("**REITs**"), and is also deemed sufficient to address any potential re-leasing risk that may, in extraordinary circumstances, exist in the event of a default by CWT Limited.

At Cache's IPO, the 12 months' security deposits were in consideration of the longer master lease terms of between five to over six years and the terms of the individual lease agreements, which together had a weighted average lease expiry ("**WALE**") of

<sup>1</sup> Knight Frank has indicated in its valuation report that the proposed rental rates for the Master Lease and Escrow Leases are fair and within the market acceptable range, and CKS has indicated in its valuation report that the proposed rental rates for the Master Lease and the Escrow Leases are in line with the market.

6.4 years. The term of the Master Lease of three years, and the terms of the Escrow leases of two and four years, together equate to a WALE of 4.3 years. In view of the shorter lease commitment exposure, a six months' security deposit is sufficient.

The Audit Committee of the Manager (the "**Audit Committee**") is of the opinion that the six months' security deposit is based on normal commercial terms, and is not prejudicial to the interests of Cache or the minority Unitholders taking into account the financial standing and credit risk of CWT Limited.

**(v) Insurance**

At all times during the term of the Master Lease and during any period of holding over, CWT Limited shall at its cost and expense, take out and keep in force the following insurance policies:

- (a) an insurance policy (1) against, among others, all risks and damage to Pandan Logistics Hub and (2) against any business interruption risk to Cache as a result of the aforesaid risks and damage; and
- (b) a comprehensive public liability insurance policy against claims for personal injury, death or property damage or loss, arising out of all operations of CWT Limited and its permitted occupiers.

**(vi) Maintenance and Repair**

CWT Limited will be responsible for maintaining Pandan Logistics Hub and all its fixtures, fittings and installations in good and tenable repair and condition (including the servicing of lifts) and for maintaining the M&E equipment and its own plant and machinery in good working condition.

### **2.5.3 Landlord's Obligations**

**(i) Compliance with the JTC Lease**

Cache shall comply with, at its own cost, all the terms and conditions of the JTC Lease (as defined herein), except for those obligations that have been imposed on CWT Limited under the terms of the Master Lease.

**(ii) Structural Parts and Mechanical and Electrical Equipment**

Cache will be responsible for structural repairs, replacement of structural parts of Pandan Logistics Hub, capital expenditure and replacement of Pandan Logistics Hub's M&E capital items necessary for compliance with applicable laws or the requirements of JTC or other relevant authorities.

## **2.6 Advice of the Independent Financial Adviser on the Acquisition and Master Lease**

The Manager has appointed CIMB Bank Berhad, Singapore Branch as the IFA to advise the Independent Directors as to whether the Acquisition and the entry into of the Master Lease Agreement by the Trustee and CWT Limited (see paragraph 3 below) are based on normal commercial terms and are not prejudicial to the interests of Cache and the minority Unitholders. A copy of the letter from the IFA to the Independent Directors (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix C** of this Circular, and Unitholders are advised to read the IFA Letter carefully.

Based on the considerations set out in the IFA Letter in Appendix C of this Circular and subject to the qualifications and assumptions therein, the IFA is of the view that the Acquisition and the entry into of the Master Lease Agreement by the Trustee and CWT Limited are based on normal commercial terms and are not prejudicial to the interests of Cache and the minority Unitholders in accordance with Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

### 3. THE PROPOSED AFL AND ESCROW LEASES

#### 3.1 Certain Principal Terms of the AFL and the Escrow Leases

##### 3.1.1 The Terms of the Escrow Leases and the Rental Payable

On Completion, the Trustee and CWT Limited shall also enter into the Agreement for Lease in respect of the First Storey Premises and the Fifth Storey Premises for terms of four and two years, respectively, commencing upon the expiry of the term of the Master Lease.

In order to give effect to the above Agreement for Lease, two leases (referred to above as the Escrow Leases) will be signed upfront on Completion by the Trustee and CWT Limited and held in escrow until the expiry of the term of the Master Lease. At the expiry of the term of the Master Lease, the Escrow Leases will come into effect upon the Trustee dating the Escrow Leases and delivering a copy thereof to CWT Limited.

The table below sets out the area of the Escrows Leases Premises, the duration of the terms of the Escrow Leases and the rental payable during such terms (both per annum and per sq ft (“psf”)/month).

Leased Premises	Leased Area (sq ft)	Lease Term	Rental Payable (per annum)	Rental Payable (psf/month)
First Storey Premises	56,149	Duration of four years commencing immediately after the expiry of the term of the Master Lease	1 <sup>st</sup> year: S\$1,196,700 2 <sup>nd</sup> year: S\$1,226,628 3 <sup>rd</sup> year: S\$1,257,288 4 <sup>th</sup> year: S\$1,288,716	1 <sup>st</sup> year: S\$1.78 2 <sup>nd</sup> year: S\$1.82 3 <sup>rd</sup> year: S\$1.87 4 <sup>th</sup> year: S\$1.91
Fifth Storey Premises	72,969	Duration of two years commencing immediately after the expiry of the term of the Master Lease	1 <sup>st</sup> year: S\$1,319,268 2 <sup>nd</sup> year: S\$1,352,256	1 <sup>st</sup> year: S\$1.51 2 <sup>nd</sup> year: S\$1.54

The basis of rental payable was arrived at due to the reasons mentioned above for how the rental payable under the Master Lease was arrived at (see paragraph 2.5 above).

The Escrow Leases are pre-commitments to take up the Escrow Leases Premises, thereby providing security of occupation for the end-users of those storeys that require the warehouse space that they occupy beyond the term of the Master Lease. The AFL and Escrow Leases are entered into only for the First Storey Premises and the Fifth Storey Premises because only the end-users on those floors require the warehouse space that they occupy beyond the term of the Master Lease. The end-users on the First Storey Premises require an additional lease term of four years and the end-users on Fifth Storey Premises require an additional lease term of two years. In addition, such end-users have entered into service agreements with CWT Limited, under which CWT Limited provides bundled services as required by the end-users such as packaging, reverse logistics, transportation, inventory management, freight and use of space. Under the Property Funds Appendix, a REIT would not be in a position to provide such bundled services to end-users. Based on the information provided by CWT Limited, the Manager understands that the service agreements signed for the Property are between two to five years with the majority in the range of three to five years.

CWT Limited has the option to take up the entire second storey warehouse and the second storey mezzanine office of Pandan Logistics Hub (the “**Second Storey Premises**”), the entire third storey warehouse and the third storey mezzanine office of Pandan Logistics Hub (the “**Third Storey Premises**”) and the entire fourth storey warehouse and the fourth storey mezzanine office of Pandan Logistics Hub (the “**Fourth Storey Premises**”) by notifying Cache nine months in advance of the expiry of the term of the Master Lease of its intention to do so. The exercise of such option will then constitute an interested person transaction (as defined in the Listing Manual) and thus be subjected to the requirements under the Listing Manual. As the transaction is transparent in nature and subject to the requirements

of the Listing Manual in relation to interested person transactions, the Manager believes the commercial arrangement is not prejudicial to Cache. In the event CWT Limited does not exercise the above option to take up the Second Storey Premises, the Third Storey Premises and the Fourth Storey Premises after the expiry of the term of the Master Lease, Cache will market the space to other potential tenants. Cache will only be exposed to limited market risk and will actually have greater flexibility in potentially securing leases from other credit worthy lessees. 55.8% of the GFA of Pandan Logistics Hub will not be renewed if CWT Limited does not exercise the above option.

The Manager will commence marketing nine months in advance of the end of the term of the Master Lease in the event that CWT Limited chooses not to renew the Master Lease as it deems such a period sufficient for the purpose of marketing and leasing the premises.

Cache is confident of successfully marketing the Second Storey Premises, the Third Storey Premises and the Fourth Storey Premises given Pandan Logistics Hub's prime location, ideal floor plate size and attractive technical specifications. While the First Storey Premises will command slightly higher rentals due to extra convenience of ground floor access, and the Fifth Storey Premises will command slightly higher rentals due to the higher ceiling height, which provides for greater volume of goods storage, the premium paid for the First Storey Premises and Fifth Storey Premises is minimal taking into consideration that Pandan Logistics Hub is a ramp-up warehouse.

The AFL and the Escrow Leases are not prejudicial to Cache and the minority Unitholders for the reasons stated below.

- (i) The rental rates are fair and within the market acceptable range, as highlighted by two Independent Valuers pursuant to the requirement of the Property Funds Appendix, which was designed to deal with interested party transactions.
- (ii) Entering into the AFL and Escrow Leases upon Completion ensures longer predictable cash flow for Cache. The rental escalation rate for the Master Lease and the Escrow Leases are the same, and the starting rent of the Escrow Leases is 2.5% higher than the third year rental rates of the Master Lease for the Escrow Leases Premises. The Independent Valuers have factored in the locked-in rental escalations in the assumptions they used for valuation of Pandan Logistics Hub. The rental escalation rate of 2.5% per annum is at the highest end of the range of rental escalation rates for Cache's Existing Portfolio and the industry norm, both of which range between 1.5% to 2.5% (based on publicly available information of the actual transactions involved in IPOs as well as subsequent transactions between REITs and their respective lessee).
- (iii) Cache has already entered into similar agreements in respect of CWT Commodity Hub, which was approved of during Cache's IPO.
- (iv) The Escrow Leases actually support the occupancy of the premise beyond what is the present term of the Master Lease.

### **3.1.2 Tenant's Obligations**

#### **(i) Property Tax and Land Rent**

CWT Limited will be responsible for a proportionate part of the property tax and Land Rent calculated based on the ratio between the lettable floor area of the Escrow Leases Premises and the total lettable floor area of Pandan Logistics Hub.

#### **(ii) Service Charge**

The service charge payable by CWT Limited to Cache is determined based on cost recovery and capped at S\$0.07 psf/month for the first and second years of the Escrow Leases, and S\$0.08 psf/month for the third and fourth years of the Escrow Lease in relation to the First Storey Premises. These rates are determined based on projected

operating expenses to be incurred on maintenance and facility services to be provided by Cache to the common area (which involve cleaning and maintenance, landscaping, security services, insurance and licensing fees).

**(iii) Taxes**

CWT Limited must pay Cache the taxes payable by Cache (excluding income tax) in respect of (1) any sum payable under the Escrow Leases and/or (2) the occupation and lease of the Escrow Leases Premises.

**(iv) Utilities**

If the Escrow Leases Premises are metered for utilities, CWT Limited must pay the utilities deposit and all utilities charges (including any taxes on it) in respect of the utilities supplied to the Escrow Leases Premises.

If Premises are not separately metered for utilities, CWT Limited must pay to Cache a proportionate part of the utilities charges (including any taxes on it) which are used by CWT Limited.

**(v) Security Deposit**

CWT Limited will place a security deposit with Cache, equivalent to six months' rent.

(See paragraph 2.5.2(iv) for further details.)

**(vi) Insurance**

CWT Limited must take out and maintain during the terms of the Escrow Leases, a comprehensive public liability insurance policy against claims for personal injury, death or property damage or loss, arising out of all operations of CWT Limited in the Escrow Leases Premises.

**(vii) Repair**

CWT Limited will be responsible for maintaining the Escrow Leases Premises and all fixtures and fittings in them in good and tenantable repair and condition.

**3.1.3 Landlord's Obligations**

**(i) Compliance with the JTC Lease**

Cache shall comply with, at its own cost, all the terms and conditions of the JTC Lease, except for those obligations that have been imposed on CWT Limited under the terms of the Escrow Leases.

**(ii) Management of Pandan Logistics Hub**

Cache must keep the common property and common facilities in good repair and provide, among others, lift services. Cache must also engage security services and insure Pandan Logistics Hub against fire and other risks deemed necessary by Cache.

**3.2 Advice of the Independent Financial Adviser on the AFL and Escrow Leases**

Based on the considerations set out in the IFA Letter in **Appendix C** of this Circular and subject to the qualifications and assumptions therein, the IFA is of the view that the entry into of the AFL and the Escrow Leases by the Trustee and CWT Limited are based on normal commercial terms and are not prejudicial to the interests of Cache and the minority Unitholders in accordance with Chapter 9 of the Listing Manual.

#### 4. THE RATIONALE FOR THE ACQUISITION AND THE RELATED TRANSACTIONS

The Manager believes that the Acquisition and the Related Transactions will bring the following key benefits to Unitholders:

##### 4.1 The Acquisition Fits the Manager’s Investment Strategy and provides an Opportunity for Further Exposure to the High-Growth Logistics Sector

The Acquisition fits the Manager’s principal investment strategy for Cache to invest in quality income producing real estate used primarily for logistics purposes that will provide overall yield accretion and value creation opportunities so as to deliver stable distributions and sustainable total returns to the Unitholders.

The logistics industry has consistently played an important role in Singapore’s economy, and the Manager believes the Singapore Government’s continued efforts in promoting the country as a leading global logistics hub in Asia will underpin activities in the logistics and other related sectors in the near term.

The net property income yield of Pandan Logistics Hub for the first year of the Master Lease is 7.6% computed based on the net rental of the Master Lease Agreement (as set out in paragraph 2.5 above) less the property management fee payable in relation to Pandan Logistics Hub, divided by the Purchase Consideration.

Pandan Logistics Hub’s initial net property income yield of 7.6% is in line with Cache’s Existing Portfolio’s average net property income yield of around 7.6%.

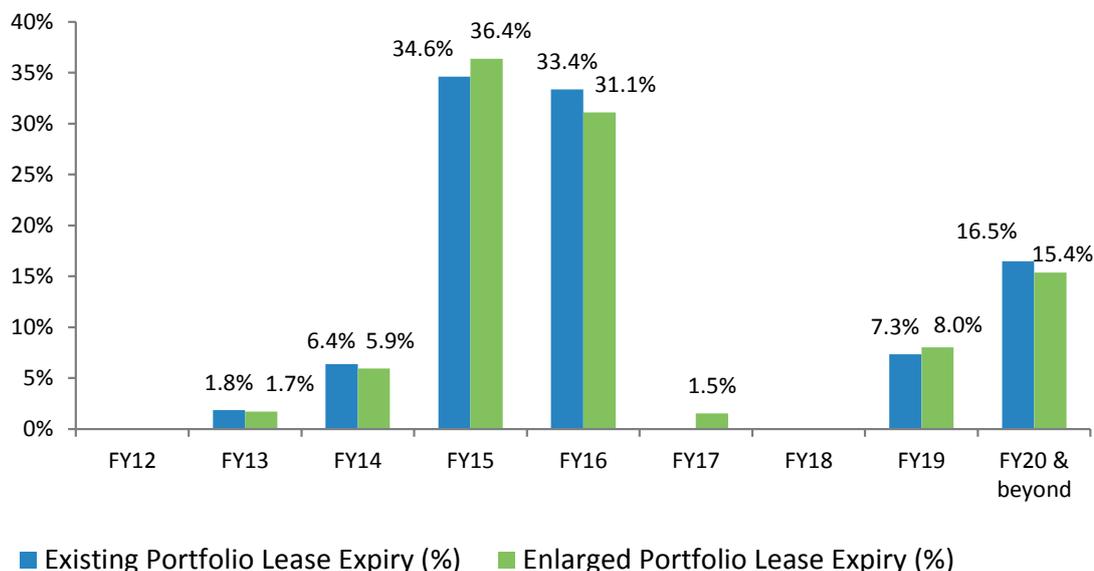
##### 4.2 Overall Enhancements to Portfolio

###### 4.2.1 Increased Market Share of Ramp-Up Logistics Warehouses in Singapore

The Acquisition affords Cache an opportunity to increase its market share of ramp-up warehouses in Singapore from 21.2% to 22.9%. Ramp-up warehouse space in Singapore is limited due to high barriers to entry that exist for the development of new efficient ramp-up warehouses as specialised planning and design specifications are required for such properties.

###### 4.2.2 Improved Lease Expiry Profile

The chart and table below illustrate the lease expiry profile of the master lease and multi-tenant lease agreements entered into by Cache for both the Existing Portfolio and the Enlarged Portfolio.



% of Occupied GFA (as defined herein)	Master Lease and Multi-Tenant Lease Expiry Profile								
	2012	2013	2014	2015	2016	2017	2018	2019	2020 & beyond
Existing Portfolio	0.0%	1.8%	6.4%	34.6%	33.4%	0.0%	0.0%	7.3%	16.5%
Enlarged Portfolio	0.0%	1.7%	5.9%	36.4%	31.1%	1.5%	0.0%	8.0%	15.4%

#### 4.2.3 Reduced Overall Average Building Age of the Enlarged Portfolio

The Acquisition will lower the average building age of the Enlarged Portfolio from 4.6 years (as at 31 March 2012) to 4.4 years as Pandan Logistics Hub is a relatively new building which received its TOP on 14 October 2011 and its CSC on 13 April 2012.

#### 4.2.4 Improved End-User Diversification

The Acquisition will further diversify Cache's base of end-users by trade sector. While not represented by the end-users of the Existing Portfolio, the luxury goods trade sector is represented by the end-users of Pandan Logistics Hub which occupy 9.0% of its GFA.

The table below provides a breakdown by % of Occupied GFA of the different end-users' trade sectors represented in Pandan Logistics Hub.

No.	End-Users' trade sector	Number of end-users <sup>(1)</sup>	% of Occupied GFA <sup>(1)</sup>
1	Industrial and consumer goods	6	91.0
2	Luxury goods	1	9.0
<b>Total</b>		<b>7</b>	<b>100.0</b>

Note:

(1) Based on the information provided by the Vendor as at 31 March 2012.

#### 4.2.5 Further Income Diversification

The Acquisition and the Related Transactions will further enhance the income diversification of Cache and reduce the reliance of Cache's income stream on any single property. The Manager expects that the contribution to Cache's Net Property Income (as defined herein) from CWT Commodity Hub to decrease from 43.7% prior to Completion to 40.6% following Completion.

Although it appears that there is an increased reliance on CWT Limited, CWT's rental contribution would only increase from 60.0% prior to completion to 63.0% following completion, which is still lower than 66.0% during the IPO stage. Furthermore, as the Escrow Leases only cover the First Storey Premises and the Fifth Storey Premises, Cache will be in a position to market to other tenants the Second Storey Premises, the Third Storey Premises and the Fourth Storey Premises once the term of the Master Lease expires, and CWT Limited does not exercise the option to take up such space.

### 4.3 Competitive Strengths of Pandan Logistics Hub

The Manager believes Pandan Logistics Hub enjoys the following competitive strengths:

#### 4.3.1 Strategically Located

Pandan Logistics Hub is located in the Pandan/Penjuru area, which is a key logistics cluster of the Jurong Industrial Precinct. The Pandan/Penjuru area is superior to other locations in the Jurong vicinity as it allows for quicker loading and unloading of containers at warehouses due to its close proximity to the PSA Terminals, Jurong Port and Tuas checkpoint, which together comprise at least half of the container yards in Singapore. In addition, due to the critical mass of similar properties in the area, the Pandan/Penjuru area has taken on characteristics similar to a logistics park.

The excellent infrastructure, arterial road networks and transport networks connecting the Pandan area enhance Pandan Logistics Hub’s attractiveness to existing and potential new end-users.

#### 4.3.2 High Occupancy Rate and Predictable cash flow

Unitholders will benefit from longer and predictable growth in cash flow as the Master Lease and the Escrow Leases provide an average contracted lease term of 4.3 years, with a locked-in annual rental escalation rate of 2.5% for the entire duration of their terms (see paragraph 4.5 below). Furthermore, the terms of the Master Lease are those of a typical triple net lease<sup>1</sup>, and Unitholders will benefit from the high occupancy rate during the term of the Master Lease.

#### 4.3.3 Modern and Attractive Technical Specifications

Pandan Logistics Hub as a ramp-up warehouse has competitive operational and costs advantages in attracting users compared to conventional “cargo-lift” warehouses. Pandan Logistics Hub’s technical specifications feature wide column span, high floor loading of 30 kN/m<sup>2</sup> for all storeys and high ceiling height of nine metres for the first to fourth storeys and up to 17 metres for the fifth floor. These specifications translate into more flexibility in space planning, better storage capacity and a wider range of usage, making Pandan Logistics Hub potentially attractive to a wider variety of end-users.

#### 4.3.4 A Quality Base of End-Users

Upon Completion, the end-user profile of Cache will be strengthened with Pandan Logistics Hub’s core base of end-users comprising multinational corporation and quality small and medium enterprises. The table below provides a breakdown by % of Occupied GFA of the different types of end-users represented in Pandan Logistics Hub.

No.	End-users’ type	% of Occupied GFA
1	Multinational corporations	49.0
2	Government agencies	0.0
3	Small and medium enterprises	51.0
<b>Total</b>		<b>100.0</b>

#### 4.4 Increased Portfolio Size Creates Stronger Platform for Further Acquisition Growth

Following Completion, Cache will increase its investment property base by 7.5% to S\$944.0 million (based on valuations of the Cache’s existing portfolio of properties as at 31 December 2011 and the costs of the recently completed Pan Asia Logistics Centre and Pandan Logistics Hub, both as set out in **Appendix A**).

The Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to better access to both the capital markets and the debt markets.

#### 4.5 Higher Locked-In Rental Escalation compared to the Existing Portfolio and the Industry Norm

The rental escalation rate for Pandan Logistics Hub of 2.5% per annum is at the highest end of the range of rental escalation rates for Cache’s Existing Portfolio and the industry norm, both of which range between 1.5% to 2.5% (based on publicly available information of the actual transactions involved in IPOs as well as subsequent transactions between REITs and their respective lessee), as Pandan Logistics Hub is a newly completed building in the prime Pandan area and has modern and attractive technical specifications. Furthermore, Cache will benefit from this rental escalation rate as it has been locked-in and will apply for the entire terms of the Master Lease and Escrow Leases.

<sup>1</sup> “Triple net lease” refers to a lease whereby the lessee pays for land rent, property tax, and is responsible for, and will undertake all outgoings, maintenance of property, plant and equipment, servicing of lifts, M&E equipment, cleaning and security, landscaping and insurance premium; and the landlord is responsible for structural repairs and replacement of structural parts of the building being leased and replacement of M&E equipment.

## 5. DETAILS AND FINANCIAL INFORMATION OF THE ACQUISITION

### 5.1 Pro Forma Financial Effects of the Acquisition<sup>1</sup>

#### 5.1.1 Pro Forma DPU

##### FOR ILLUSTRATIVE PURPOSE ONLY:

- (i) The pro forma financial effects of the Acquisition on Cache's Distribution per Unit ("DPU") for the financial year ended 31 December 2011 as if Cache had purchased Pandan Logistics Hub on 1 January 2011 and held and operated Pandan Logistics Hub through to 31 December 2011 are as follows:

	Before the Acquisition	After the Acquisition
Distributable Income (S\$'000)	52,489	54,073 <sup>(2)</sup>
Issued Units ('000)	638,867 <sup>(1)</sup>	639,888 <sup>(3)</sup>
DPU (cents)	8.235	8.471

##### Notes:

- (1) Number of Units issued included 1,039,695 units issuable to the Manager as partial consideration of the Management Fee (as defined herein) incurred for the quarter ended 31 December 2011.
- (2) Includes the assumption that the capital management exercise (refer to paragraph 2.3 of the Letter to Unitholders) took place in 2011.
- (3) Includes (a) 1,039,695 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 December 2011 and (b) approximately 1,021,000 units issuable to the Manager as payment for the Acquisition Fee and the Management Fee in relation to Pandan Logistics Hub.
- (ii) The pro forma financial effects of the Acquisition on Cache's DPU for the first quarter ended 31 March 2012 as if Cache had purchased Pandan Logistics Hub on 1 January 2012 and held and operated Pandan Logistics Hub through to 31 March 2012 are as follows:

	Before the Acquisition	After the Acquisition
Distributable Income (S\$'000)	13,356	13,763 <sup>(3)</sup>
Issued Units ('000)	699,888 <sup>(1)</sup>	700,657 <sup>(4)</sup>
DPU (cents)	2.086 <sup>(2)</sup>	2.148 <sup>(5)</sup>

##### Notes:

- (1) Number of Units issued included (a) 60,000,000 Units issued as a result of a private placement exercise completed on 30 March 2012 and (b) 1,021,249 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 March 2012.
- (2) The DPU included the advanced distribution of 2.044 cents per Unit made to existing unitholders, being the unitholders registered with The Central Depository (Pte) Limited ("CDP") on 29 March 2012, the day immediately prior to the date on which the new units were issued.
- (3) Includes the assumption that the capital management exercise (refer to paragraph 2.3 of the Letter to Unitholders) took place in 2012.
- (4) Includes (a) 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012, (b) 1,021,249 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 March 2012 and (c) approximately 769,000 units issuable to the Manager as payment for the Acquisition Fee and the Management Fee in relation to Pandan Logistics Hub.
- (5) The denominator used for the DPU computation for the period from 1 January 2012 to 29 March 2012 of 639,560,999 units includes approximately 694,000 units issuable to the Manager as payment for the Acquisition Fee. For the remaining two days ended 31 March 2012, the denominator used of 700,657,469 units includes (a) 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012, (b) 1,021,249 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 March 2012 and (c) approximately 769,000 units issuable to the Manager as payment for the Acquisition Fee and the Management Fee in relation to Pandan Logistics Hub.

<sup>1</sup> The pro forma financial effects of the Acquisition do not take into account Pan Asia Logistics Centre as its acquisition was completed on 30 April 2012.

### 5.1.2 Pro Forma NAV

#### FOR ILLUSTRATIVE PURPOSE ONLY:

- (i) The pro forma financial effects of the Acquisition on the Net Asset Value (“NAV”) per Unit as at 31 December 2011 as if the Acquisition was completed on 31 December 2011 are as follows:

	Before the Acquisition	After the Acquisition
NAV (S\$'000)	594,085	587,529 <sup>(2)</sup>
Issued Units ('000)	638,867 <sup>(1)</sup>	639,561 <sup>(3)</sup>
NAV per Unit (S\$)	0.93	0.92

#### Notes:

- (1) Number of Units issued included 1,039,695 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 December 2011.
- (2) Includes the assumption that the capital management exercise (refer to paragraph 2.3 of the Letter to Unitholders) took place on 31 December 2011.
- (3) Includes (a) 1,039,695 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 December 2011 and (b) approximately 694,000 units issuable to the Manager as payment for the Acquisition Fee.
- (ii) The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 March 2012 as if the Acquisition was completed on 31 March 2012 are as follows:

	Before the Acquisition	After the Acquisition
NAV (S\$'000)	650,413	644,297 <sup>(2)</sup>
Issued Units ('000)	699,888 <sup>(1)</sup>	700,539 <sup>(3)</sup>
NAV per Unit (S\$)	0.93	0.92

#### Notes:

- (1) Number of Units issued included (a) 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012 and (b) 1,021,249 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 March 2012.
- (2) Includes the assumption that the capital management exercise (refer to paragraph 2.3 of the Letter to Unitholders) took place on 31 March 2012.
- (3) Includes (a) 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012, (b) 1,021,249 units issuable to the Manager as partial consideration of the Management Fee incurred for the quarter ended 31 March 2012 and (c) approximately 651,000 units issuable to the Manager as payment for the Acquisition Fee.

### 5.1.3 Pro Forma Capitalisation

#### FOR ILLUSTRATIVE PURPOSE ONLY:

The following table sets forth the pro forma capitalisation of Cache as at 31 March 2012 as if Cache had completed the Acquisition on 31 March 2012.

	Before the Acquisition (S\$'000)	After the Acquisition (S\$'000)
<b>Short Term Debt</b>	-	19,543
<b>Long Term Debt:</b>		
Secured debt	177,985	313,000
Unsecured debt	75,000	-
<b>Total long-term debt</b>	<b>252,985</b>	<b>313,000</b>

	<b>Before the Acquisition (S\$'000)</b>	<b>After the Acquisition (S\$'000)</b>
<b>Total Debt:</b>	252,985	332,543 <sup>(1)</sup>
<b>Unitholders' funds</b>	650,413	644,297
<b>Total Capitalisation</b>	903,398	976,840

**Note:**

- (1) Includes (a) S\$68.6 million to finance the Acquisition and (b) S\$11.0 million to finance the cost relating to capital management exercise (refer to paragraph 2.3 of the Letter to Unitholders).

## 5.2 Requirement of Unitholders' Approval

### 5.2.1 Relative figures computed on the bases set out in Rule 1006

The relative figures computed on the following bases set out in Rules 1006(b) and 1006 (c) of the Listing Manual are as follows:

- (i) the net profits attributable to the assets acquired compared with Cache's net profits; and
- (ii) the aggregate value of the consideration given compared with Cache's market capitalisation.

The relative figure of the number of Units issued by Cache as consideration for an acquisition compared with the number of Units previously in issue does not apply in relation to the Acquisition as no Units will be issued as consideration for the Acquisition.

<b>Comparison of:</b>	<b>The Acquisition (S\$ million)</b>	<b>Cache (S\$ million)</b>	<b>Relative figure (%)</b>
<b>Profits<sup>(1)</sup></b>	1.3 <sup>(2)</sup>	16.1 <sup>(3)</sup>	8.1
<b>Consideration against market capitalisation</b>	66.0	724.4 <sup>(4)</sup>	9.1

**Notes:**

- (1) In the case of a REIT, Net Property Income is a close proxy to the net profits attributable to its assets.
- (2) Relates to an estimated Net Property Income of Pandan Logistics Hub for the quarter ended 31 March 2012.
- (3) Relates to Cache's actual Net Property Income for the quarter ended 31 March 2012.
- (4) Based on the last traded price of S\$1.035 per Unit on SGX-ST on 4 May 2012, the date prior to the announcement of the Acquisition.

The Manager is of the view that the Acquisition is in the ordinary course of Cache's business as it is within the investment policy of Cache and does not change the risk profile of Cache. As such, the Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. However, as the Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, the Acquisition will still be subject to the specific approval of Unitholders.

### 5.2.2 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where Cache proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Cache's latest audited net tangible assets ("NTA"), Unitholders' approval is required in respect of the transaction. Based on Cache's Audited Financial Statements, the NTA of Cache was S\$594.1 million as at 31 December 2011.

Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Cache with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$29.7 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Cache whose value exceeds 5.0% of Cache's latest audited NAV. Based on Cache's Audited Financial Statements, the NAV of Cache was S\$594.1 million as at 31 December 2011. Accordingly, if the value of a transaction which is proposed to be entered into by Cache with an interested party (as defined in the Property Funds Appendix) is equal to or greater than S\$29.7 million, such a transaction would be subject to Unitholders' approval.

As at 23 May 2012, being the Latest Practicable Date, CWT Limited holds 40.0% of the issued share capital of the Manager, and is therefore regarded as a "controlling shareholder" (as defined in the Listing Manual and Property Funds Appendix) of the Manager under both the Listing Manual and the Property Funds Appendix.

Given the above and that the Vendor is a wholly-owned subsidiary of CWT Limited, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, both CWT Limited and the Vendor (being a subsidiary of a "controlling shareholder" of the Manager) are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of Cache.

Therefore, the Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, and the Related Transactions will also constitute Interested Person Transactions under Chapter 9 of the Listing Manual.

The Purchase Consideration of S\$66.0 million is 11.1% of the NTA and NAV respectively of Cache as at 31 December 2011. The value of the Acquisition will therefore exceed (i) 5.0% of Cache's latest audited NTA and (ii) 5.0% of Cache's latest audited NAV. Therefore, the approval of Unitholders is required in relation to the Acquisition pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, respectively.

The aggregate of the value of the Related Transactions of S\$24.0 million<sup>1</sup> is 4.0% of the NTA of Cache as at 31 December 2011. The aggregate of the value of the Related Transactions and the Acquisition of S\$90.0 million<sup>1</sup> is 15.1% of the NTA of Cache as at 31 December 2011 and will therefore exceed 5.0% of Cache's latest audited NTA. Therefore, the approval of Unitholders is required in relation to the Related Transactions pursuant to Chapter 9 of the Listing Manual.

The Manager seeks approval for the Acquisition and the Master Lease under Resolution 1 and approval for the AFL and Escrow Leases under Resolution 2.

Prior to the Latest Practicable Date, Cache had not entered into any interested person transactions with CWT Limited and its subsidiaries and associates (as defined in the Listing Manual) during the course of the current financial year.

### 5.3 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, Mr Liao Chung Lik is a non-executive director of the Manager as well as a director of CWT Limited, and Mr Jimmy Yim Wing Kuen is a non-executive director of the Manager and the lead independent director of CWT Limited. Further details of the interests in Units of the Directors and Substantial Unitholders<sup>2</sup> are set below.

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<sup>1</sup> Unitholders should note that as it is not practicable to accurately quantify the total sum of the property tax and Land Rent referred to above at paragraph 3.1.2(i), the value of the Related Transactions would exceed S\$24.0 million.

<sup>2</sup> "Substantial Unitholders" refers to persons with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
Mr Lim How Teck	100,000	0.01	-	-	100,000	0.01
Mr Lim Hwee Chiang John <sup>(1)</sup>	1,000,000	0.14	14,069,315	2.01	15,069,315	2.15
Mr Liao Chung Lik	300,000	0.04	-	-	300,000	0.04
Mr Jimmy Yim Wing Kuen	200,000	0.03	-	-	200,000	0.03
Mr Lim Ah Doo	-	-	-	-	-	-
Ms Stefanie Yuen Thio	50,000	0.01	-	-	50,000	0.01
Mr Moses K. Song (Alternate Director to Mr Lim Hwee Chiang John)	250,000	0.04	-	-	250,000	0.04

**Note:**

- (1) By virtue of Mr Lim Hwee Chiang John's holding 37.2% (direct and deemed interest) of ARA Asset Management Limited, he is deemed to be interested in (i) 11,905,000 Units held by ARA Real Estate Investors V Limited, a wholly-owned indirect subsidiary of ARA Asset Management Limited, (ii) 1,164,315 Units held by ARA-CWT Trust Management (Cache) Limited, an indirect subsidiary of ARA Asset Management Limited and (iii) 1,000,000 Units held by JL Philanthropy Ltd, whose beneficiary is JL Charitable Settlement of which he is the settlor.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of Cache and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
C&P Holdings Pte Ltd ("C&P") <sup>(1)</sup>	11,905,000	1.70	70,500,000	10.09	82,405,000	11.77
CWT Limited	70,500,000	10.07	-	-	70,500,000	10.07
The Bank of New York Mellon Corporation <sup>(2)</sup>	-	-	40,476,000	5.78	40,476,000	5.78
MBC Investments Corporation <sup>(3)</sup>	-	-	40,476,000	5.78	40,476,000	5.78
(1) Mellon International Holdings S.a.r.L. (2) BNY Mellon International Asset Management Group Limited (3) Newton Management Limited <sup>(4)</sup>	-	-	40,429,000	5.78	40,429,000	5.78
Newton Investment Management Limited, Subsidiary of The Bank of New York Mellon Corporation	40,429,000	5.78	-	-	40,429,000	5.78
The Capital Group Companies, Inc	-	-	41,000,000	5.86	41,000,000	5.86
JPMorgan Chase & Co. and its affiliates <sup>(5)</sup>	-	-	35,064,000	5.01	35,064,000	5.01
JPMorgan Asset Management (Singapore) Limited	35,064,000	5.01	-	-	35,064,000	5.01

**Notes:**

- (1) C&P is deemed interested in the Units held by CWT Limited by virtue of its direct shareholding of 31.93% of CWT Limited's total issued share capital.
- (2) The Bank of New York Mellon Corporation is deemed interested in the Units held by MBC Investments Corporation by virtue of its shareholding in MBC Investments Corporation.
- (3) MBC Investments Corporation is deemed interested in the Units held by Newton Investment Management Limited and Mellon Capital Management Corporation by virtue of its shareholding in Newton Investment Management Limited and Mellon Capital Management Corporation.
- (4) Each of Mellon International Holdings S.a.r.L., BNY Mellon International Asset Management Group Limited and Newton Management Limited are deemed interested in the Units held by Newton Investment Management Limited by virtue of their shareholdings in Newton Investment Management Limited.
- (5) JPMorgan Chase & Co. and its affiliates is deemed interested in the Units held by JPMorgan Asset Management (Singapore) Limited by virtue of its shareholding in JPMorgan Asset Management (Singapore) Limited.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Transactions.

#### **5.4 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Transactions or any other transactions contemplated in relation to the Transactions.

### **6. RECOMMENDATIONS**

#### **6.1 The Proposed Acquisition and Master Lease of Pandan Logistics Hub**

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Acquisition and the Master Lease as set out in paragraph 3 above, the directors who are not interested in the Acquisition and the Master Lease (being Mr Lim How Teck, Mr Lim Hwee Chiang John, Mr Lim Ah Doo and Ms Stefanie Yuen Thio) and the Audit Committee believe that the Acquisition and Master Lease are not prejudicial to the interests of Cache and the minority Unitholders.

Accordingly, the directors who are not interested in the Acquisition and the Master Lease (being Mr Lim How Teck, Mr Lim Hwee Chiang John, Mr Lim Ah Doo and Ms Stefanie Yuen Thio) recommend that Unitholders vote at the EGM in favour of Resolution 1 to approve the Acquisition and the Master Lease.

#### **6.2 The Proposed AFL and Escrow Leases**

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the AFL and the Escrow Leases as set out in paragraph 3 above, the directors who are not interested in the AFL and the Escrow Leases (being Mr Lim How Teck, Mr Lim Hwee Chiang John, Mr Lim Ah Doo and Ms Stefanie Yuen Thio) and the Audit Committee believe that the AFL and the Escrow Leases are not prejudicial to the interests of Cache and the minority Unitholders.

Accordingly, the directors who are not interested in the AFL and the Escrow Leases (being Mr Lim How Teck, Mr Lim Hwee Chiang John, Mr Lim Ah Doo and Ms Stefanie Yuen Thio) recommend that Unitholders vote at the EGM in favour of Resolution 2 to approve the AFL and Escrow Leases.

### **7. EXTRAORDINARY GENERAL MEETING**

The EGM will be held on Tuesday, 19 June 2012 at 2.00 p.m. at InterContinental Singapore, 80 Middle Road, Singapore 188966, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages D-1 and D-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of Resolutions 1 and 2.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 48 hours before the time fixed for the EGM.

## **8. PROHIBITION ON VOTING**

Rule 919 of the Listing Manual prohibits interested persons and their associates from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM.

Given that Pandan Logistics Hub will be acquired from a wholly-owned subsidiary of CWT Limited and that Pandan Logistics Hub will be leased to CWT Limited, CWT Limited and its associates (being C&P and the Manager) are prohibited from voting on Resolutions 1 and 2.

For the purposes of good corporate governance, Mr Liao Chung Lik, being a director of CWT Limited, and Mr Jimmy Yim Wing Kuen, being the lead independent director of CWT Limited, will abstain from voting on Resolutions 1 and 2.

## **9. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar and Unit Transfer Office, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not later than Sunday, 17 June 2012 at 2.00 p.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the Resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Resolutions.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, Cache and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

## **11. CONSENTS**

Each of the IFA (being CIMB Bank Berhad, Singapore Branch) and the Independent Valuers (being CKS and Knight Frank) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter and the market valuation reports and all references thereto, in the form and context in which they are included in this Circular.

## 12. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Sale and Purchase Agreement;
- (ii) the IFA Letter;
- (iii) the market valuation report on Pandan Logistics Hub issued by CKS;
- (iv) the market valuation report on Pandan Logistics Hub issued by Knight Frank;
- (v) the audited financial statements of Cache for the year ended 31 December 2011; and
- (vi) the written consents of each of the IFA and the Independent Valuers.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Cache is in existence.

Yours faithfully

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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<sup>1</sup> Prior appointment will be appreciated.

## IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, 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 have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. 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.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States of America ("**United States**" or "**U.S.**"). It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>%</b>	:	Per centum or percentage
<b>AFL or Agreement for Lease</b>	:	An agreement that is to be entered into between the Trustee and CWT Limited on Completion, for leases to be taken by CWT Limited of the First Storey Premises and the Fifth Storey Premises, for terms of four and two years, respectively, commencing upon the expiry of the term of the Master Lease
<b>3PL</b>	:	Third party logistics provider
<b>Acquisition</b>	:	The proposed acquisition of Pandan Logistics Hub which is located at 49 Pandan Road, Singapore 609290
<b>Acquisition Fee</b>	:	The acquisition fee which the Manager will be entitled to receive from Cache in relation to the Acquisition of Pandan Logistics Hub
<b>Aggregate Leverage</b>	:	The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property
<b>associate</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>Audit Committee</b>	:	The audit committee of the Manager
<b>AYE</b>	:	Ayer Rajah Expressway
<b>C&amp;P</b>	:	C&P Holdings Pte Ltd
<b>Base Fee</b>	:	A fee of 0.5% per annum of the value of the Consolidated Assets payable to the Manager
<b>Cache</b>	:	Cache Logistics Trust
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This circular to Unitholders dated 31 May 2012
<b>CKS</b>	:	CKS Property Consultants Pte Ltd
<b>Completion</b>	:	The completion of the Acquisition
<b>Consolidated Assets</b>	:	The consolidated assets of Cache and its subsidiaries, SPVs, associates and joint ventures as defined under generally accepted accounting principles in Singapore.
<b>controlling shareholder</b>	:	Has the meaning ascribed to it in the Listing Manual and Property Funds Appendix
<b>CSC</b>	:	Certificate of statutory completion
<b>Deposited Property</b>	:	The gross assets of Cache, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed

<b>Directors</b>	:	Directors of the Manager
<b>DPU</b>	:	Distribution per Unit
<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be held on Tuesday, 19 June 2012 at 2.00 p.m. at InterContinental Singapore, 80 Middle Road, Singapore 188966, to approve the matters set out in the Notice of Extraordinary General Meeting on pages D-1 and D-2 of this Circular
<b>end-users</b>	:	Entities that directly utilise the space at the properties held by Cache, which include customers of the Master Lessees contracted by the Master Lessees through service agreements and end-customers of the Master Lessees' 3PL customers and the anchor tenants of the properties held by Cache
<b>Enlarged Portfolio</b>	:	Comprises the Existing Portfolio and Pandan Logistics Hub
<b>Escrow Leases</b>	:	The Escrow Leases are the lease instruments of the leases of the First Storey Premises and the Fifth Storey Premises (as referenced to in the definition of the AFL above) that will be signed upfront on Completion by the Trustee and CWT Limited and held by the Trustee in escrow until the expiry of the term of the Master Lease. At the expiry of the term of the Master Lease, the Escrow Leases will come into effect upon the Trustee dating the Escrow Leases and delivering a copy thereof to CWT Limited
<b>Escrow Leases Premises</b>	:	The First Storey Premises and the Fifth Storey Premises
<b>Existing Portfolio</b>	:	The portfolio of properties currently held by Cache as at the Latest Practicable Date, consisting of CWT Commodity Hub, CWT Cold Hub, Schenker Megahub, Hi-Speed Logistics Centre, C&P Changi Districentre, C&P Changi Districentre 2, APC Distrihub, Kim Heng Warehouse, Air Market Logistics Centre, Jinshan Chemical Warehouse and Pan Asia Logistics Centre
<b>Fifth Storey Premises</b>	:	The entire fifth storey warehouse and fifth storey mezzanine office of Pandan Logistics Hub
<b>First Storey Premises</b>	:	The entire first storey warehouse and first storey mezzanine office of Pandan Logistics Hub
<b>Fourth Storey Premises</b>	:	The entire fourth storey warehouse and the fourth storey mezzanine office of Pandan Logistics Hub
<b>GFA</b>	:	Gross floor area
<b>IFA</b>	:	The independent financial adviser to the Independent Directors, being CIMB Bank Berhad, Singapore Branch
<b>IFA Letter</b>	:	The letter from the IFA to the Independent Directors containing its advice as set out in <b>Appendix C</b> of this Circular
<b>Independent Directors</b>	:	The independent directors of the Manager
<b>Independent Valuers</b>	:	Knight Frank Pte Ltd and CKS Property Consultants Pte Ltd

<b>Interested Party</b>	:	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Party Transaction</b>	:	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Person</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>Interested Person Transaction:</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>IPO</b>	:	Initial Public Offering
<b>JTC</b>	:	Means JTC Corporation, a body corporate incorporated under the Jurong Town Corporation Act, Chapter 150 of Singapore
<b>JTC Lease</b>	:	Means the lease in respect of Pandan Logistics Hub issued by JTC and registered at the Singapore Land Authority as IB/900899W and includes the lease as amended, modified or supplemented from time to time, and any document which amends, modifies or supplements the same
<b>Knight Frank</b>	:	Knight Frank Pte Ltd
<b>Land Rent</b>	:	Means all land rent (and service charge, if any) payable by Cache to JTC under the JTC Lease
<b>Latest Practicable Date</b>	:	23 May 2012, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>Management Fee</b>	:	Both the Base Fee and Performance Fee
<b>Manager</b>	:	ARA-CWT Trust Management (Cache) Limited, in its capacity as manager of Cache
<b>MAS</b>	:	Monetary Authority of Singapore
<b>Master Lease</b>	:	The master lease of Pandan Logistics Hub to CWT Limited under the terms and conditions of the Master Lease Agreement
<b>Master Lease Agreement</b>	:	The master lease agreement to be entered into between the Trustee and CWT Limited pursuant to which CWT Limited will take a lease of the whole of Pandan Logistics Hub for a term of three years
<b>Master Lessees</b>	:	CWT Limited (in relation to CWT Commodity Hub and CWT Cold Hub and Pandan Logistics Hub), C&P Land Pte. Ltd. (in relation to Schenker Megahub), C&P Distribution Pte. Ltd. (in relation to C&P Changi Districentre and Hi-Speed Logistics Centre), C&P Holdings Pte Ltd (in relation to C&P Changi Districentre 2), Kim Heng Tubulars Pte Ltd (in relation to Kim Heng Warehouse), Air Market Express (S) Pte Ltd (in relation to Air Market Logistics Centre), CWT Logistics (Shanghai) Co., Ltd (in relation to Jinshan Chemical Warehouse) and Pan Asia Logistics Singapore Pte. Ltd. (in relation to Pan Asia Logistics Centre)
<b>M&amp;E</b>	:	Mechanical and Electrical
<b>MRT</b>	:	Mass Rapid Transit

<b>NAV</b>	:	Net asset value
<b>Net Property Income</b>	:	In relation to a real estate, for any financial year or part thereof refers to the consolidated net property income of Cache, subsidiaries and SPVs and joint ventures as defined under generally accepted accounting principles in Singapore
<b>NTA</b>	:	Net tangible assets
<b>Occupied GFA</b>	:	The total GFA of which is occupied by and contracted to end-users
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Performance Fee</b>	:	1.5% per annum of the Net Property Income in the relevant financial year (calculated before accounting for this additional fee in that financial year) payable to the Manager
<b>PIE</b>	:	Pan Island Expressway
<b>psf</b>	:	Per sq ft
<b>Purchase Consideration</b>	:	The purchase consideration of S\$66.0 million for the Acquisition
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
<b>PSA Terminals</b>	:	Pasir Panjang Terminal 1, Pasir Panjang Terminal 2, Brani Terminal, Tanjong Pagar Terminal, Keppel Terminal and Sembawang Wharves
<b>REIT</b>	:	Real estate investment trust
<b>Related Transactions</b>	:	The entry into of the Master Lease Agreement, the AFL and the Escrow Leases
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>Sale and Purchase Agreement</b>	:	The conditional sale and purchase agreement entered into by the Trustee and CWT Limited on 7 May 2012 for the acquisition of Pandan Logistics Hub
<b>Second Storey Premises</b>	:	The entire second storey warehouse and the second storey mezzanine office of Pandan Logistics Hub
<b>SPV</b>	:	Special purpose vehicle
<b>Sq ft</b>	:	Square feet
<b>Substantial Unitholders</b>	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue, and “ <b>Substantial Unitholder</b> ” means any one of them
<b>Third Storey Premises</b>	:	The entire third storey warehouse and the third storey mezzanine office of Pandan Logistics Hub

<b>TOP</b>	:	Temporary Occupation Permit
<b>Total Acquisition Cost</b>	:	The total cost of the Acquisition
<b>Transactions</b>	:	The Acquisition and the Related Transactions
<b>Trust Deed</b>	:	The trust deed dated 11 February 2010 constituting Cache Logistics Trust, as supplemented by a first supplemental trust deed dated 18 March 2010 made between the Trustee and the Manager, as amended, varied, or supplemented from time to time
<b>Trustee</b>	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Cache
<b>Unit</b>	:	A unit representing an undivided interest in Cache
<b>Unitholder</b>	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
<b>United States or U.S.</b>	:	United States of America
<b>Vendor</b>	:	49 Pandan Pte. Ltd., a wholly-owned subsidiary of CWT Limited
<b>WALE</b>	:	Weighted average lease expiry

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

## DETAILS OF PANDAN LOGISTICS HUB, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

### 1. PANDAN LOGISTICS HUB

#### 1.1 Description of Pandan Logistics Hub

Pandan Logistics Hub, which is located at 49 Pandan Road, Singapore 609290, is a new five-storey ramp-up warehouse with a GFA of approximately 329,109 sq ft. It has a floor plate size of approximately 58,000 sq ft which, along with the accessible mezzanine office space, caters well to single end-users requiring such size and accommodation. Pandan Logistics Hub received its TOP on 14 October 2011 and its CSC on 13 April 2012. The building is fully occupied by end-users who have entered into service agreements with CWT Limited.

Pandan Logistics Hub is located in the Pandan/Penjuru area within the Jurong Industrial Estate. This area is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals, Jurong Port and Jurong Island. Pandan Logistics Hub is well served by major arterial roads and transport networks such as the nearby West Coast Highway, AYE, PIE, and Jurong East MRT station.

The table below sets out a summary of selected information on Pandan Logistics Hub as at 31 March 2012 (unless otherwise indicated).

<b>Occupancy by end-users</b>	100.0%
<b>Property Type</b>	5-storey ramp-up warehouse with mezzanine office
<b>JTC Leasehold Tenure</b>	30.0 years commencing 1 October 2009 (expiring 30 September 2039)
<b>Issue of TOP</b>	14 October 2011
<b>Issue of CSC</b>	13 April 2012
<b>Land Area</b>	133,680 sq ft
<b>GFA</b>	329,109 sq ft
<b>Valuation by CKS</b>	S\$66.5 million
<b>Valuation by Knight Frank</b>	S\$66.0 million
<b>Average Independent Valuation</b>	S\$66.25 million
<b>Purchase Consideration</b>	S\$66.0 million
<b>Number of end-users</b>	7

#### 1.2 End-Users' Trade Sector Analysis for Pandan Logistics Hub (as at 31 March 2012)

The table below provides a breakdown by % of Occupied GFA of the different end-users' trade sectors represented in Pandan Logistics Hub.

No.	End-Users' trade sector	Number of end-users <sup>(1)</sup>	% of Occupied GFA <sup>(1)</sup>
1	Industrial and consumer goods	6	91.0
2	Luxury goods	1	9.0
<b>Total</b>		<b>7</b>	<b>100.0</b>

**Note:**

(1) Based on the information provided by the Vendor as at 31 March 2012

The table below provides a breakdown by % of Occupied GFA of the different types of end-users represented in Pandan Logistics Hub.

No.	End-users' type	% of Occupied GFA
1	Multinational corporations	49.0%
2	Government agencies	0%
3	Small and medium enterprises	51.0%
<b>Total</b>		<b>100.0%</b>

## 2. EXISTING PORTFOLIO

### 2.1 Overview of the Existing Portfolio

The table below sets out selected information about the Existing Portfolio (as at 31 March 2012).

Property (Location)	Property Type	GFA (sq ft)	Leasehold Tenure	Master Lessee / Anchor Tenant	Contracted Lease Term	Appraised Value
<b>CWT Commodity Hub</b> (24 Penjuru Road)	Ramp-up logistics facility	2,295,927 <sup>(1)</sup>	29.0 years with effect from 19 August 2006	CWT Limited	5.0 to 10.0 Years <sup>(2)</sup>	S\$346.9 million
<b>CWT Cold Hub</b> (2 Fishery Port Road)	Ramp-up cold storage logistics facility	341,944 <sup>(3)</sup>	30.0 years with effect from 20 December 2005 + 30.0 years	CWT Limited	5.0 years	S\$139.6 million
<b>Schenker Megahub</b> (51 Alps Avenue)	Ramp-up logistics facility	439,789	30.0 years with effect from 1 June 2005 + 30.0 years	C&P Land Pte. Ltd.	Over 6.0 years, expiring on 31 August 2016	S\$104.5 million
<b>Hi-Speed Logistics Centre</b> (40 Alps Avenue)	Ramp-up logistics facility	308,632	30.0 years with effect from 16 August 2005 + 30.0 years	C&P Distribution Pte. Ltd.	Over 6.0 years, expiring on 15 October 2016	S\$73.3 million
<b>C &amp; P Changi Districentre</b> (5 Changi South Lane)	Ramp-up logistics facility	364,361	30.0 years with effect from 16 August 2005 + 30.0 years	C&P Distribution Pte. Ltd.	5.0 years	S\$87.3 million
<b>C &amp; P Changi Districentre 2</b> (3 Changi South Street 3)	Cargo lift logistics facility	111,359	30.0 years with effect from 16 February 1996 + 30.0 years	C&P	5.0 years	S\$20.7 million
<b>APC Distrihub</b> (6 Changi North Way)	Ramp-up logistics facility	176,955	30.0 years with effect from 1 January 2004	APC Distributor Pte Ltd, and Flextronics Manufacturing (Singapore) Pte Ltd	Average 3.18 years <sup>(4)</sup>	S\$32.2 million

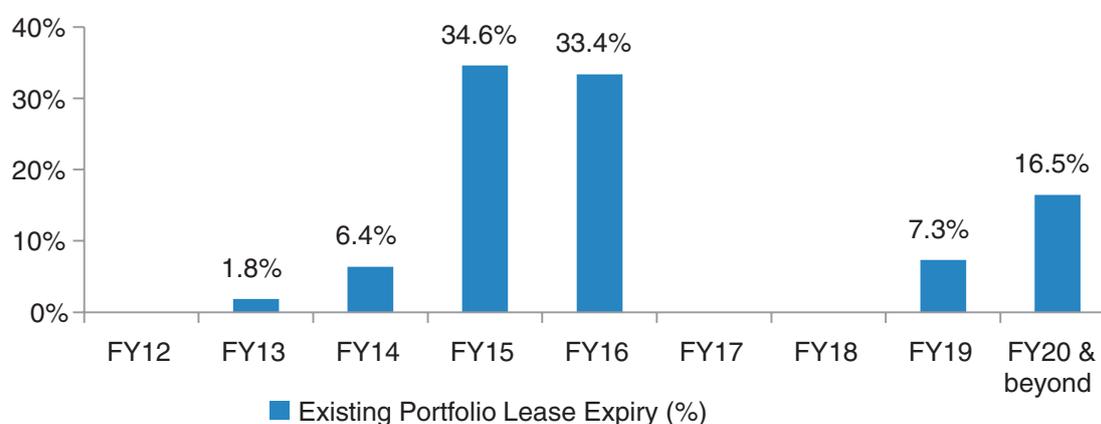
Property (Location)	Property Type	GFA (sq ft)	Leasehold Tenure	Master Lessee / Anchor Tenant	Contracted Lease Term	Appraised Value
<b>Kim Heng Warehouse</b> (4 Penjuru Lane)	Logistics facility	54,449	30.0 years with effect from 1 December 2011	Kim Heng Tubulars Pte Ltd	3.0 years	S\$9.4 million
<b>Air Market Logistics Centre</b> (22 Loyang Lane)	Cargo Lift logistics facility	63,290	30.0 years with effect from 1 February 2007 + 16.0 years	Air Market Express (S) Pte Ltd	5.0 years	S\$13.0 million
<b>Jinshan Chemical Warehouse</b> (No. 288 Gongchuang Road, Jinshan District)	Dangerous Goods & Chemical Warehouse	145,815	50.0 years with effect from 18 December 2006	CWT Logistics (Shanghai) Co., Ltd	3.0 years	RMB77.2 million (Approx. S\$15.9 million)
<b>Pan Asia Logistics Centre</b> (21 Changi North Way)	Ramp-up logistics facility	196,988	30.0 years with effect from 1 June 2010	Pan Asia Logistics Singapore Pte Ltd	10.0 years	S\$35.2 million
<b>Total/Weighted Average</b>	-	<b>4,499,508</b>	-	-	<b>4.65</b>	<b>S\$878.0 million</b>

**Notes:**

- (1) Does not include container yard area of 103,793 sq ft which forms part of CWT Commodity Hub.
- (2) This represents the lease terms of the master lease for CWT Commodity Hub and the CWT Commodity Hub Individual Lease Agreements which will be entered into in connection with CWT Commodity Hub in the event that the master lease agreement for CWT Commodity Hub is not renewed at the expiry of its initial five-year term. The terms of the CWT Commodity Hub Individual Lease Agreements, which will commence at the expiration of the initial master lease term, will range from one to five years. Cache may agree and sign extensions of either the master lease or individual leases, as the case may be, beyond the expiry date of the initial lease terms.
- (3) The GFA comprises cold room space of 158,882 sq ft ambient warehouse space of 117,664 sq ft and ancillary office and service areas of 65,398 sq ft.
- (4) Multi-tenanted with various tenancy expiries.

## 2.2 Lease Expiry Profile for the Existing Portfolio (as at 31 March 2012)

The chart and table below illustrate the lease expiry profile of the master lease and multi-tenant lease agreements entered into by Cache for the Existing Portfolio.



% of Occupied GFA	Master Lease and Multi-Tenant Lease Expiry Profile								
	2012	2013	2014	2015	2016	2017	2018	2019	2020 & beyond
Existing Portfolio	0.0%	1.8%	6.4%	34.6%	33.4%	0.0%	0.0%	7.3%	16.5%

### 2.3 End-Users' Trade Sector Analysis for the Existing Portfolio (as at 31 March 2012)

The table below provides a breakdown by % of Occupied GFA of the different end-users' trade sectors represented in the Existing Portfolio.

No.	End-Users' trade sector	Number of end-users <sup>(1)</sup>	% of Occupied GFA <sup>(1)</sup>
1	Industrial and consumer goods	43	51.0%
2	Hospitality	1	1.0%
3	Food & Cold Storage	7	7.0%
4	Healthcare	3	10.0%
5	Aerospace	2	5.0%
6	Courier Service	1	1.0%
7	Commodity & Chemical	6	25.0%
<b>Total</b>		<b>63</b>	<b>100.0%</b>

Note:

(1) Based on the information provided by respective master lessee as at 31 March 2012.

The table below provides a breakdown by % of Occupied GFA of the different end-users' types represented in the Existing Portfolio.

No.	End-users' type	% of Occupied GFA
1	Multinational corporations	85.0
2	Government agencies	5.0
3	Small and medium enterprises	10.0
<b>Total</b>		<b>100.0</b>

## 3. ENLARGED PORTFOLIO

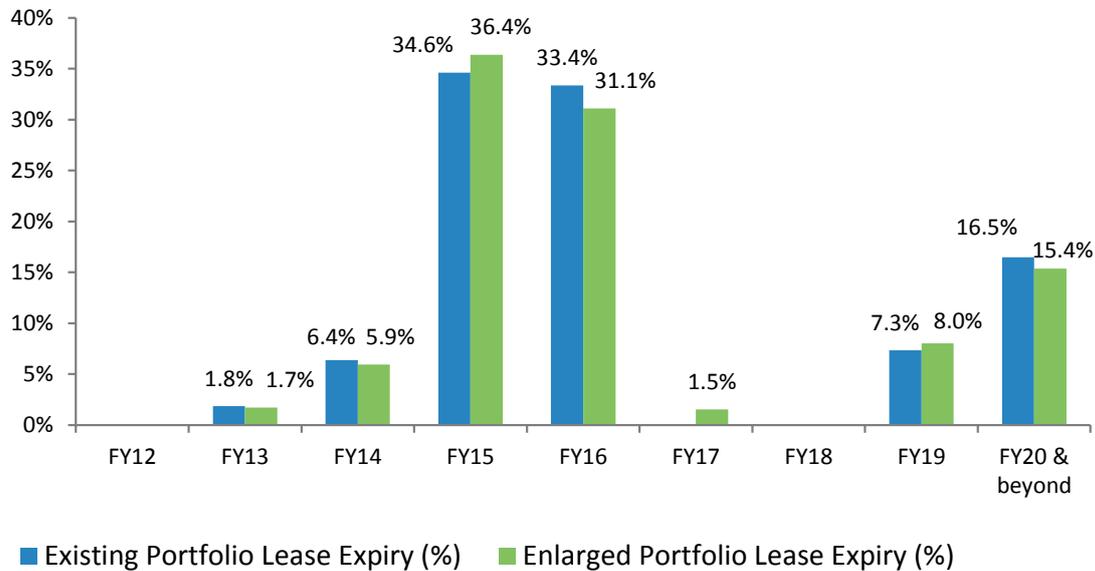
### 3.1 Overview of the Enlarged Portfolio

The table below sets out selected information on the Enlarged Portfolio as at 31 March 2012.

Total / Weighted Average	Pandan Logistics Hub	Existing Portfolio	Enlarged Portfolio
GFA (sq ft)	329,109	4,499,508	4,828,617
Contracted Lease Term	4.3 years	4.64 years	4.61 years
Acquisition Cost/ Book Value	S\$66.0 million	S\$878.0 million	S\$944.0 million

### 3.2 Lease Expiry Profile for the Enlarged Portfolio (as at 31 March 2012)

The chart and table below illustrate the lease expiry profile of the master lease and multi-tenant lease agreements entered into by Cache for the Existing Portfolio and the Enlarged Portfolio.



% of Occupied GFA	Master Lease and Multi-Tenant Lease Expiry Profile								
	2012	2013	2014	2015	2016	2017	2018	2019	2020 & beyond
Existing Portfolio	0.0%	1.8%	6.4%	34.6%	33.4%	0.0%	0.0%	7.3%	16.5%
Enlarged Portfolio	0.0%	1.7%	5.9%	36.4%	31.1%	1.5%	0.0%	8.0%	15.4%

### 3.3 End-Users' Trade Sector Analysis for the Enlarged Portfolio (as at 31 March 2012)

The table below provides a breakdown by % of Occupied GFA of the different trade sectors represented in the Enlarged Portfolio.

No.	End-Users' trade sector	Number of end-users <sup>(1)</sup>	% of Occupied GFA <sup>(1)</sup>
1	Industrial and consumer goods	49	54.0
2	Hospitality	1	1.0
3	Food & Cold Storage	7	6.0
4	Healthcare	3	9.0
5	Aerospace	2	4.0
6	Courier Service	1	1.0
7	Commodity & Chemical	6	24.0
8	Luxury Goods	1	1.0
<b>Total</b>		<b>70</b>	<b>100.0</b>

Note:

(1) Based on the information provided by respective master lessee as at 31 March 2012.

The table below provides a breakdown by % of Occupied GFA of the different end-users' types represented in the Enlarged Portfolio.

No.	End-users' type	% of Occupied GFA
1	Multinational corporations	83.0
2	Government agencies	4.0
3	Small and medium enterprises	13.0
<b>Total</b>		<b>100.0</b>

## VALUATION CERTIFICATES



<b>Our Ref</b>	:	12/P74388/RT/LL/PL
<b>Property</b>	:	49 Pandan Road Singapore 609290
<b>Client</b>	:	HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Cache Logistics Trust) and ARA-CWT Trust Management (Cache) Limited (as Manager of Cache Logistics Trust)
<b>Trust</b>	:	Cache Logistics Trust
<b>Purpose</b>	:	Acquisition
<b>Legal Description</b>	:	Lot 7851V Mukim 5
<b>Interest Valued</b>	:	Leasehold for a term of 30 years commencing from 01 October 2009. Balance term is approximately 27.60 years.
<b>Basis of Valuation</b>	:	Market Value subject to the proposed leaseback agreement
<b>Land Area</b>	:	12,419.30 square metres / 133,680 square feet
<b>Town Planning</b>	:	"Business 2" with a plot ratio of 2.5
<b>Brief Description</b>	:	The subject property is a 5-storey single-user ramp-up warehouse building, located at Pandan Road, off Jalan Buroh, about 14 kilometres from the city centre.  The building is constructed of structural steel frame, reinforced concrete roof/ metal roof supported on steel portal frame. Vertical transportation is facilitated by staircases and one passenger lift. Car parking facilities are available within the compound of the premises.
<b>Year of Completion</b>	:	Temporary Occupation Permit (TOP) was issued for the erection of the 5-storey single-user ramp-up warehouse development with mezzanine floors on 14 October 2011.
<b>Condition of Property</b>	:	Good

<b>Lessee</b>	:	CWT Limited
<b>Tenancy Profile and Lease Condition</b>	:	The building is occupied by CWT Limited and it will be 100% leased to them for a period of between 3 years to 7 years after the completion of the acquisition. The initial net rent for the first year will be \$1.34 psf (ground floor), \$1.30 psf (2nd to 4th floor) and \$1.34 psf (5th floor) per month respectively on a triple net basis. This will be increased at a rate of 2.50% per annum from 2nd year onward. The tenant will bear all property outgoing expenses including annual land rent, property tax and service charges including insurance, day-to-day maintenance, cleaning, security, utilities, servicing of lifts and other M&E items but excluding costs and expenses of all repairs of a structural nature, replacement of M&E items and Lessor's own property and lease management fees.
<b>Gross Floor Area</b>	:	30,575.21 square metres / 329,108.50 square feet
<b>Land Rent</b>	:	S\$394,313 per annum
<b>Property Tax</b>	:	S\$398,000 per annum
<b>Valuation Approaches</b>	:	Market Comparison Approach, Discounted Cash Flow Analysis and Capitalisation of Income Approach
<b>Date of Valuation</b>	:	31 March 2012
<b>Assessed Market Value</b>	:	<b>S\$66,500,000 (Singapore Dollars Sixty Six Million Five Hundred Thousand Only)</b>
<b>Reinstatement Value</b>	:	<b>S\$34,580,000 (Singapore Dollars Thirty Four Million Five Hundred Eighty Thousand Only)</b>
<b>Capitalisation Rate</b>	:	7.15%
<b>Terminal Yield</b>	:	7.50%
<b>Discount Rate</b>	:	8.25%
<b>Value psm of GFA</b>	:	S\$2,176
<b>Value psf of GFA</b>	:	S\$202

#### **Assumptions, Disclaimers, Limitations & Qualifications**

*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed in the full valuation report and the limiting conditions. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

Prepared By:



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CKS Property Consultants Pte Ltd



## VALUATION CERTIFICATE

**Property** : No. 49 Pandan Road  
Pandan Logistics Hub  
Singapore 608290

**Client** : HSBC Institutional Trust Services (Singapore) Limited  
(as Trustee of Cache Logistics Trust)  
21 Collyer Quay  
#14-01 HSBC Building  
Singapore 049320

**Purpose** : Acquisition and corporate finance purposes

**Legal Description** : Lot No. : 7851V (JTC Private Lot No. A2520700)  
Mukim : 5

**Tenure** : Lease Term : Leasehold 30 years.  
Lease Commencement Date : 1 October 2009 (i.e. based on a balance lease term of about 27.5 years).

**Basis Of Valuation** : Market value subject to the proposed Master Lease

**Lessor/Lessee** : Leased by JTC Corporation to 49 Pandan Pte. Ltd.

**Master Plan 2008** : "Business 2" with a gross plot ratio of 2.5

**Brief Description** : The subject property is located at the junction of Jalan Buroh/Pandan Road. It is a purpose-built 5-storey single-user ramp-up warehouse development with mezzanine floors. The Temporary Occupation Permit was issued on 14 October 2011.

**Land Area** : 12,419.3 sm

**Gross Floor Area** : Warehouse 27,292.74 sm  
Ancillary Office 982.00 sm  
Others 2,300.47 sm  
Total: 30,575.21 sm  
=====

**Leaseback Terms and Conditions** : The subject property will be leased back to CWT Limited as the Master Lessee for initial terms of between 3 to 7 years from the date of completion of the Sale and Purchase Agreement. The leaseback rents range from \$1.30 psf (or about \$13.99 psm) to \$1.34 psf (or about \$14.42 psm) per month over the gross floor area.  
  
The Master Lessee is responsible for all day to day maintenance, land rent, insurance, cleaning, security, utilities, servicing of lifts and other M&E items and property tax. The Lessor is responsible for capital expenditure including replacement of M&E equipment, all repairs of a structural nature and the Lessor's own property management and lease management fees.

**Valuation Approaches** : Investment, Discounted Cash Flow and Comparable Sales.

**Date Of Valuation** : 31 March 2012

**Open Market Value** : S\$66,000,000/-  
(Singapore Dollars Sixty-Six Million Only)

**Assumptions, Disclaimers, Limitations & Qualifications** : *This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

**Prepared By** : Knight Frank Pte Ltd

Low Kin Hon  
B.Sc.(Estate Management) Hons.,MSISV  
Managing Director  
Valuation  
Appraiser's Licence No. AD 041-2003752I

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KF Property Network Pte Ltd (Licensee) 167 Jalan Bukit Merah #06-10 Connection One Tower 5 Singapore 150167



INDEPENDENT FINANCIAL ADVISER'S LETTER

**CIMB BANK BERHAD (13491-P)**  
**SINGAPORE BRANCH**  
(Incorporated in Malaysia)

50 Raffles Place  
#09-01 Singapore Land Tower  
Singapore 048623

31 May 2012

To: **The Independent Directors**  
**ARA-CWT Trust Management (Cache) Limited**  
(as the Manager of Cache Logistics Trust)  
6 Temasek Boulevard  
#16-02 Suntec Tower Four  
Singapore 038986

**HSBC Institutional Trust Services (Singapore) Limited**  
(as the Trustee of Cache Logistics Trust)  
21 Collyer Quay  
#14-01 HSBC Building  
Singapore 049320

Dear Sirs,

- (1) **THE PROPOSED ACQUISITION AND MASTER LEASE OF PANDAN LOGISTICS HUB; AND**
  - (2) **THE PROPOSED AGREEMENT FOR LEASE AND ESCROW LEASES IN RELATION TO PANDAN LOGISTICS HUB**
- 

**1. INTRODUCTION**

On 7 May 2012, ARA-CWT Trust Management (Cache) Limited (the "**Manager**") announced *inter alia* that HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"), as trustee of Cache Logistics Trust ("**Cache**"), had entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with 49 Pandan Pte. Ltd. (the "**Vendor**"), a wholly-owned subsidiary of CWT Limited ("**CWT**"), for the proposed acquisition (the "**Acquisition**") of Pandan Logistics Hub which is located at 49 Pandan Road, Singapore 609290 (the "**Pandan Logistics Hub**").

Unless otherwise defined or the context otherwise requires, all terms defined in the circular issued by Cache to its unitholders ("**Unitholders**") dated 31 May 2012 in relation to *inter alia* the Acquisition (the "**Circular**") shall have the same meanings herein.

CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser to advise the independent directors of the Manager (the "**Independent Directors**") and the Trustee on whether the Acquisition and the entry into of the Master Lease Agreement, the Agreement for Lease and the Escrow Leases by the Trustee and CWT (the "**Related Transactions**") are based on normal commercial terms and are not prejudicial to the interests of Cache and its minority Unitholders in accordance with Chapter 9 of the Listing Manual.

This letter sets out, *inter alia*, our opinion thereon and forms part of the Circular.

## 2. TERMS OF REFERENCE

We are not a party to any negotiation in relation to the Acquisition and the Related Transactions. We are also not involved in the deliberation leading up to the decision by the Manager and the Trustee to undertake the Acquisition and the Related Transactions. We do not, by this letter, warrant or make any representation whatsoever in relation to the merits (whether commercial, financial or otherwise) of the Acquisition and the Related Transactions, other than to form an opinion on the Acquisition and the Related Transactions.

For the purpose of arriving at our opinion, we have confined our evaluation to the bases set out herein. Our terms of engagement do not require us to conduct, and we have not conducted, any review of the business plan, operations, financial performance, financial condition or financial forecast of Cache, the Trustee or the Manager. We have also not made any evaluation or appraisal of the assets (including the property portfolio) and liabilities of Cache, the Trustee or the Manager and we have not been furnished any such evaluation and appraisal, except for the reports issued by CKS Property Consultants Pte Ltd ("**CKS**") dated 31 March 2012 and issued by Knight Frank Pte Ltd ("**Knight Frank**") dated 31 March 2012 (collectively, the "**Valuation Reports**"), the valuation certificates of which are set out in Appendix B to the Circular. We are not and do not purport to be property experts. In respect of the Valuation Reports, we have placed sole reliance thereon for the asset appraisal contained therein. We are not experts in the evaluation or appraisal of properties and we have not made any independent verification of the matters or bases set out in the Valuation Reports. We are not required to and have not obtained any quotations or transaction prices from any third parties in respect of Pandan Logistics Hub.

We have examined information provided to us by the management of the Manager. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information. However, we have made reasonable enquiries and exercised our judgment as we deemed necessary on such information and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the directors of the Manager ("**Directors**") (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed in the Circular (except this letter) are fair and accurate in all material respects and that no material facts have been omitted which would make any statement in the Circular misleading in any respect, and that they collectively and individually accept responsibility accordingly. However, in respect of this letter and the information provided to us in relation thereto, the sole responsibility of the Directors has been to ensure that the facts stated with respect to Cache, the Trustee, the Manager, the Acquisition and the Related Transactions are, to the best of their knowledge and belief, fair and accurate in all material respects.

Our opinion in this letter is based upon market, economic, industry, monetary and other conditions prevailing on, and the information made available to us by the management of the Manager as at 23 May 2012 (the "**Latest Practicable Date**"). Such conditions may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

This letter does not purport to be a comprehensive or exhaustive description of all the considerations that may be relevant to Unitholders. In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise that any individual Unitholder who may require specific advice in the context of his specific investment objectives or portfolio consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We are not involved in and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the content of the Circular (other than this letter).

While a copy of this letter may be reproduced in the Circular, neither the Manager, the Trustee nor any of their respective directors or representatives may reproduce, disseminate or refer to this letter or any part thereof for any other purposes at any time and in any manner without the prior written consent of CIMB in each specific case.

Our opinion in respect of the Acquisition and the Related Transactions should be considered in the context of the entirety of this letter and the Circular.

### **3. THE ACQUISITION AND THE RELATED TRANSACTIONS**

#### **3.1 Information on the Acquisition and the Master Lease**

The terms of the Acquisition, the Sale and Purchase Agreement and the Master Lease Agreement are set out in Section 2 of the Circular. We set out below a summary of the key terms:

- (i) The Purchase Consideration payable is S\$66.0 million. The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and supported by independent valuations.
- (ii) The estimated Total Acquisition Cost is S\$69.3 million, comprising the Purchase Consideration of S\$66.0 million, the Acquisition Fee of S\$0.7 million (being 1.0% of the Purchase Consideration) in the form of Units which shall not be sold within one year from the date of issuance, and estimated professional and other fees and expenses incurred or to be incurred by Cache in connection with the Acquisition (inclusive of debt financing related expenses) of approximately S\$2.6 million.
- (iii) The Manager intends to finance all acquisition costs relating to the Acquisition (save for the Acquisition Fee which will be paid through the issuance of Units) from the proposed debt facilities as described below.

The Manager will embark on a capital management exercise to increase the amount of facility against the present collateral, and in doing so, avoid introducing further security over the remaining assets within the portfolio. The increased facility will allow the Manager to fund the Acquisition entirely by debt and increase the amount of revolving credit facility and the tenure of the debt.

A bank facility of S\$375.0 million will be provided by Standard Chartered Bank and DBS Bank Ltd. for Cache to retire the existing S\$178.0 million loan secured during the initial public offering of Cache ("IPO"), and for the repayment of the existing unsecured loan and medium-term note. The estimated refinancing costs relating to the proposed capital management exercise is approximately S\$11.0 million, arising mainly from (i) the upfront fee for the new secured loan, (ii) the unwinding of the present SWAP facility and (iii) the redeeming of the existing bonds issued by Cache.

- (iv) The Aggregate Leverage of Cache is 27.7% as at 31 March 2012. Following Completion and assuming that the Manager borrowed S\$79.6 million to finance the Acquisition and the refinancing costs, and taking into account the 60,000,000 units issued as a result of a private placement exercise completed on 30 March 2012, the completion of the acquisition of Pan Asia Logistics Hub and the capital management exercise, Cache's Aggregate Leverage will be 32.5% (for illustrative purposes only).
- (v) The principal terms of the Sale and Purchase Agreement include, among others, the following conditions precedent:
  - (a) Cache obtaining Unitholders' approval for the Acquisition and the Master Lease; and
  - (b) the final approval from JTC for the Acquisition and the Master Lease.

- (vi) On Completion, the Master Lease Agreement will be entered into between the Trustee and CWT pursuant to which CWT will lease the whole of Pandan Logistics Hub for a term of three years.

### 3.2 Information on the Agreement for Lease and the Escrow Leases

The terms of the Agreement for Lease and the Escrow Leases are set out in Section 3 of the Circular. We set out below a summary of the key terms:

- (i) On Completion, the Trustee and CWT shall enter into the Agreement for Lease in respect of the First Storey Premises and the Fifth Storey Premises, for terms of four and two years respectively, at the expiry of the term of the Master Lease.
- (ii) In order to give effect to the Agreement for Lease, two leases will be signed upfront on Completion by the Trustee and CWT and held in escrow until the expiry of the term of the Master Lease. At the expiry of the term of the Master Lease, the Escrow Leases will come into effect upon the Trustee dating the Escrow Leases and delivering a copy thereof to CWT.
- (iii) The Escrow Leases are pre-commitments to take up the Escrow Leases Premises, thereby providing security of occupation for the end-users of those storeys that require the warehouse space that they occupy beyond the term of the Master Lease. The Agreement for Lease and Escrow Leases are entered into only for the First Storey Premises and the Fifth Storey Premises because only the end-users on those floors require the warehouse space that they occupy beyond the term of the Master Lease. The end-users on the First Storey Premises require an additional lease term of four years and the end-users on Fifth Storey Premises require an additional lease term of two years.
- (iv) CWT has the option to take up the entire Second Storey Premises, the Third Storey Premises and the Fourth Storey Premises by notifying Cache nine months in advance of the expiry of the term of the Master Lease of its intention to do so.

### 3.3 Information on Pandan Logistics Hub

Information on Pandan Logistics Hub is set out in Section 2.1 and Appendix A of the Circular. We set out below certain key information in relation to Pandan Logistics Hub.

- (i) Pandan Logistics Hub is a new five-storey ramp-up warehouse with a GFA of approximately 329,109 sq ft. It has a floor plate size of approximately 58,000 sq ft which, along with the accessible mezzanine office space, caters well to single end-users requiring such size and accommodation. Pandan Logistics Hub received its TOP on 14 October 2011 and its CSC on 13 April 2012. The building is fully occupied by end-users who have entered into service agreements with CWT.
- (ii) Pandan Logistics Hub is located in the Pandan/Penjuru area within the Jurong Industrial Estate. This area is considered to be the key logistics cluster of the Jurong Industrial Precinct given its proximity to the PSA Terminals, Jurong Port and Jurong Island. Pandan Logistics Hub is well served by major arterial roads and transport networks such as the nearby West Coast Highway, AYE, PIE and Jurong East MRT station.
- (iii) The table below sets out a summary of selected information on Pandan Logistics Hub as at 31 March 2012 (unless otherwise indicated).

<b>Occupancy by end-users</b>	100.0%
<b>Property type</b>	5-storey ramp-up warehouse with mezzanine office
<b>JTC leasehold tenure</b>	30.0 years commencing 1 October 2009 (expiring 30 September 2039)
<b>Issue of TOP</b>	14 October 2011
<b>Issue of CSC</b>	13 April 2012

<b>Land area</b>	133,680 sq ft
<b>GFA</b>	329,109 sq ft
<b>Valuation by CKS</b>	S\$66.5 million
<b>Valuation by Knight Frank</b>	S\$66.0 million
<b>Average Independent Valuation</b>	S\$66.25 million
<b>Purchase Consideration</b>	S\$66.0 million
<b>Number of end-users</b>	7

- (iv) There are 6 end-users in the industrial and consumer goods sector occupying approximately 91.0% of the total GFA and 1 end-user in the luxury goods sector occupying approximately 9.0% of the total GFA. Approximately 51.0% of the total GFA is occupied by small and medium enterprises and approximately 49.0% of the total GFA is occupied by multinational corporations.

### 3.4 Evaluation of the Acquisition

In our evaluation of whether the Acquisition and the Related Transactions (considered in the context of the Acquisition) are based on normal commercial terms and are not prejudicial to Cache and the minority Unitholders in accordance with Chapter 9 of the Listing Manual, we have taken into consideration the following pertinent factors:

- (i) Rationale for the Acquisition and the Related Transactions;
- (ii) Valuation of Pandan Logistics Hub as appraised by the Independent Valuers;
- (iii) Purchase Consideration of Pandan Logistics Hub as compared to valuation of:
  - (a) the properties currently owned by Cache ("**Existing Portfolio**");
  - (b) past acquisitions of properties by Cache ("**Past Acquisitions**");
  - (c) the logistics and warehousing properties in Singapore held by industrial real estate investment trusts ("**REITs**") listed on the SGX-ST ("**Comparable Properties**"); and
  - (d) acquisitions of logistics and warehousing properties in Singapore by industrial REITs listed on the SGX-ST ("**Comparable Transactions**") since 1 January 2011;
- (iv) Net property income yield of Pandan Logistics Hub as compared to the overall net property income yield of Cache and other industrial REITs listed on the SGX-ST;
- (v) Pro forma financial effects of the Acquisition on Cache; and
- (vi) Other relevant considerations.

In our analysis, the Purchase Consideration of Pandan Logistics Hub was compared against the market valuation of the Existing Portfolio and the Comparable Properties and also against the purchase consideration of similar properties in acquisitions by other industrial REITs on a price psf basis where information on yields is not available. We wish to highlight that such analysis serves merely as an illustrative guide as price psf is likely to be distorted by the many differences amongst the properties. We would consider a comparison of yields more meaningful and representative than a comparison of price psf. Net property income yield is the net operating income generated by the property divided by the price or valuation of the property. It represents income per dollar of investment on an annualised basis, that is, the investment return. Net property income yield can be reasonably used as a benchmark for comparison assuming that the income generating ability of a property is the sole factor for an acquisition.

Generally, property valuations include a subjective determination of certain factors specific to the property such as market position, competitive strengths and physical conditions. In our assessment, we would therefore attach most weight to the Valuation Reports as these are specific professional real estate appraisals of Pandan Logistics Hub having regard to its unique characteristics.

### 3.4.1 Rationale for the Acquisition and the Related Transactions

The rationale for the Acquisition and the Related Transactions is set out under Section 4 of the Circular. We set out below a summary of the reasons for, and benefits of, the Acquisition and the Related Transactions:

- (i) **Further exposure to the high-growth logistics sector.** The logistics industry has consistently played an important role in Singapore's economy and the Manager believes the Singapore Government's continued efforts in promoting the country as a leading global logistics hub in Asia will underpin activities in the logistics and other related sectors in the near term.

The net property income yield of Pandan Logistics Hub for the first year of the Master Lease is 7.6% computed based on the net rental of the Master Lease Agreement less the property management fee payable in relation to Pandan Logistics Hub, divided by the Purchase Consideration.

Pandan Logistics Hub's initial net property income yield of 7.6% is in line with Cache's Existing Portfolio's average net property income yield of around 7.6%.

- (ii) **Overall enhancements to portfolio.** The Acquisition affords Cache an opportunity to increase its market share of ramp-up warehouses in Singapore from 21.2% to 22.9%. Ramp-up warehouse space in Singapore is limited due to high barriers to entry that exist for the development of new efficient ramp-up warehouses as specialised planning and design specifications are required for such properties. The Acquisition will also improve the lease expiry profile of Cache and lower the average building age of the Enlarged Portfolio from 4.6 years (as at 31 March 2012) to 4.4 years as Pandan Logistics Hub is a relatively new building. In addition, the Acquisition will diversify Cache's base of end-users by trade sector and also enhance income diversification by reducing reliance on any single property.
- (iii) **Competitive strengths of Pandan Logistics Hub.** Pandan Logistics Hub is located in the Pandan/Penjuru area, which is a key logistics cluster of the Jurong Industrial Precinct. Unitholders will benefit from the high occupancy rate of Pandan Logistics Hub during the term of the Master Lease. Further, the building specifications of Pandan Logistics Hub translate into more flexibility in space planning, better storage capacity and a wider range of usage, making Pandan Logistics Hub potentially attractive to a wider variety of end-users. Following the Acquisition, Cache's end-user profile will be strengthened with Pandan Logistics Hub's core base of end-users comprising multinational corporations and quality small and medium enterprises.
- (iv) **Stronger platform for further acquisition growth.** The Acquisition will increase Cache's investment property base by 7.5% to S\$944.0 million. The Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to better access to both the capital markets and the debt markets.
- (v) **Higher locked-in rental escalation compared to the Existing Portfolio and the industry norm.** The rental escalation rate for Pandan Logistics Hub of 2.5% per annum is at the highest end of the range of rental escalation rates for both Cache's Existing Portfolio and the industry norm based on assessment of the Manager, both of which range between 1.5% to 2.5% per annum according to the Manager. Furthermore, Cache will benefit from this rental escalation rate as it has been locked-in and will apply for the entire terms of the Master Lease and Escrow Leases.

### 3.4.2 Valuation of Pandan Logistics Hub as appraised by the Independent Valuers

CKS and Knight Frank were commissioned by the Manager and the Trustee respectively to assess the market value of Pandan Logistics Hub. Please refer to Appendix B to the Circular for a copy of the valuation certificates.

In the Valuation Report of CKS, “market value” is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In the Valuation Report of Knight Frank, “open market value” is defined as “the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming: (a) a willing, but not anxious, buyer and seller; (b) that prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market), for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; and (d) that no account is taken of any additional bid by a purchaser with a ‘special interest’”.

The valuation methodologies adopted by CKS and Knight Frank in arriving at the market value of Pandan Logistics Hub are set out below:

Valuation methodology	Brief description in Valuation Report
<u>CKS</u>	
(i) Market comparison approach	This approach involves taking into cognizance transactions of comparable properties, the prevailing market condition and underlying economic factors which may influence the trend of the market prices.
(ii) Discounted cash flow analysis	A discounted cash flow analysis over a 10-year investment horizon has been carried out and the property is assumed to be sold at the commencement of the eleventh year of the cash flow. This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a range of assumptions are made including a target or pre-selected internal rate of return, rental growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.
(iii) Capitalisation of income approach	The sustainable net income has been estimated having regard to the current passing rental income and potential future income. The net income is then capitalised over the remaining leasehold tenure to arrive at a capital value. The yield adopted reflects the key attributes of the property, the profile of the tenants and the prevailing market conditions.

Valuation methodology	Brief description in Valuation Report
<u>Knight Frank</u>	
(i) Investment method	In the investment method, the proposed leaseback rental has been adjusted to reflect lessor's own property management fees and lease management fees producing a net income. The net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment, based on an analysis of yields reflected in the sales of other property types. Capital adjustments such as capital expenditure and capitalised rental reversion are then made to derive the capital value of the property.
(ii) Discounted cash flow analysis	A valuation using the discounted cash flow model is carried out over a period of about 10 years from 31 March 2012 (the material date) to 31 December 2021 for the property. The property is hypothetically assumed to be sold after the end of the tenth year. The cash outflows (comprising property management fees and lease management fees) are deducted from the cash inflows of the property (comprising rental income) to obtain the net cash flow. The stream of net cash flow is discounted at an estimated required rate of return applicable to that class of property to obtain the net present value. The discounted cash flow is used as the property is an income producing property. This form of analysis reflects investors' decision-making process and values the property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. This method is also more precise as it takes into account the timing of receipts and payments. In undertaking this analysis, Knight Frank has also used a wide range of assumptions including rental growth during holding period and capital expenditure allowance, etc.
(iii) Comparable sales method	For the comparable sales method, reference was made to sales of similar properties with adjustments made, where appropriate, for differences in location, floor area, age, tenure, date of sale, etc.

We note that both the Independent Valuers had adopted the same methodologies to arrive at their respective valuations. Based on information provided by the Independent Valuers, the key assumptions are also similar, as follows:

	CKS	Knight Frank
<u>Capitalisation of income approach or investment method</u>		
Capitalisation rate	7.15%	7.25%
<u>Discounted cash flow analysis</u>		
Discount rate	8.25%	8.25%
Terminal capitalisation rate	7.50%	7.50%

Based on information provided by the management of the Manager, CB Richard Ellis Pte Ltd ("CBRE") has also adopted the income capitalisation method and discounted cash flow analysis in arriving at their market valuation of Cache's Existing Portfolio (excluding Pan Asia Logistics Centre) as at 31 December 2011. The capitalisation rates used by CBRE were between 6.50% and 7.25%, the discount rates used by CBRE were between 8.25% and 8.50% and the terminal capitalisation rates used by CBRE were between 6.75% and 7.50%. We note that the rates used by CKS and Knight Frank in their appraisal of Pandan Logistics Hub were generally in line with those used by CBRE.

The market value of Pandan Logistics Hub as at 31 March 2012 as determined by CKS and Knight Frank are set out below:

	Valuation
CKS	S\$66,500,000
Knight Frank	S\$66,000,000
Average market valuation	S\$66,250,000
Purchase Consideration	S\$66,000,000
Discount of Purchase Consideration to average market valuation	S\$250,000 or 0.38%

As illustrated in the table above, we note that the Purchase Consideration is at a slight discount of approximately S\$0.3 million or 0.38% to the average market valuation of Pandan Logistics Hub as valued by CKS and Knight Frank.

### 3.4.3 Comparison against Existing Portfolio

We set out below a comparison of the price psf of Pandan Logistics Hub against the valuation psf of the Existing Portfolio. We wish to highlight that the Existing Portfolio may differ from Pandan Logistics Hub in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to warehouse), tenant composition, occupancy rates, competition from similar surrounding properties and other relevant factors. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Name of property	Location	GFA (sq ft)	Valuation date	Market valuation (S\$' million)	Price psf <sup>(1)</sup> (S\$)
CWT Commodity Hub	24 Penjuru Road, Singapore	2,295,927	31-Dec-2011	346.9	151.09
CWT Cold Hub	2 Fishery Port Road, Singapore	341,944	31-Dec-2011	139.6	408.25
Schenker Megahub	51 Alps Avenue, Singapore	439,789	31-Dec-2011	104.5	237.61
Hi-Speed Logistics Centre	40 Alps Avenue, Singapore	308,632	31-Dec-2011	73.3	237.50
C&P Changi Districentre	5 Changi South Lane, Singapore	364,361	31-Dec-2011	87.3	239.60
C&P Changi Districentre 2	3 Changi South Street 3, Singapore	111,359	31-Dec-2011	20.7	185.89
Kim Heng Warehouse	4 Penjuru Lane, Singapore	54,449	31-Dec-2011	9.4	172.64
APC Distrihub	6 Changi North Way, Singapore	176,955	31-Dec-2011	32.2	181.97
Air Market Logistics Centre	22 Loyang Lane, Singapore	63,290	31-Dec-2011	13.0	205.40
Jinshan Chemical Warehouse	288 Gongchuang Road (Shanghai), PRC	145,815	31-Dec-2011	15.9	109.04
Pan Asia Logistics Centre	21 Changi North Way, Singapore	196,988	27-Jan-2012	35.2	178.59
				<b>High</b>	<b>408.25</b>
				<b>Low</b>	<b>109.04</b>
				<b>Median</b>	<b>185.89</b>
				<b>Mean</b>	<b>209.78</b>
<b>Pandan Logistics Hub</b>	<b>49 Pandan Road, Singapore</b>	<b>329,109</b>	<b>31-Mar-2012</b>	<b>66.0</b>	<b>200.54</b>

Source: Cache's 2011 annual report, Cache's announcement dated 30 January 2012 in relation to the acquisition of Pan Asia Logistics Centre and the Valuation Reports from the Independent Valuers.

**Note:**

- (1) In respect of the Existing Portfolio, price psf is computed based on market valuation as at the valuation date divided by the GFA. In respect of Pandan Logistics Hub, price psf is computed based on the Purchase Consideration divided by its GFA.

Based on the above, we note that the price psf for Pandan Logistics Hub is lower than the mean but higher than the median price psf of the Existing Portfolio.

### 3.4.4 Comparison against valuation implied in Cache's past acquisitions

We note that Cache had since its listing on the SGX-ST on 12 April 2010 to the Latest Practicable Date, undertook the Past Acquisitions. We wish to highlight that the properties acquired in the Past Acquisitions may differ from Pandan Logistics Hub in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to warehouse), tenant composition, occupancy rates, competition from similar surrounding properties and other relevant factors. In addition, these transactions were entered into at different points in time under different market conditions and economic environment. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

We set out below a comparison of the terms of the Acquisition against the terms of the Past Acquisitions.

Property	Announcement date	Location	GFA (sq ft)	Market valuation <sup>(1)</sup> (S\$ million)	Purchase consideration (S\$ million)	Discount of purchase consideration to market valuation (%)	Price psf <sup>(2)</sup> (S\$)	Expected net property income yield <sup>(3)</sup> (%)	
APC Distrihub	14-Mar-2011	6 Changi North Way, Singapore	176,955	32.0	30.9	-3.4%	174.62	8.00 <sup>(4)</sup>	
Kim Heng Warehouse	14-Mar-2011	4 Penjuru Lane, Singapore	54,449	9.4	8.9	-5.3%	163.46	8.00 <sup>(4)</sup>	
Jinshan Chemical Warehouse	1-Jun-2011	288 Gongchuang Road (Shanghai), PRC	145,815	14.6	13.5	-7.5%	92.58	8.60	
Air Market Logistics Centre	20-Jul-2011	22 Loyang Lane, Singapore	63,290	13.0	13.0	0.0%	205.40	7.35	
Pan Asia Logistics Centre	30-Jan-2012	21 Changi North Way, Singapore	196,988	35.2	35.2	-0.1%	178.59	7.70	
							<b>High</b>	<b>205.40</b>	<b>8.60</b>
							<b>Low</b>	<b>92.58</b>	<b>7.35</b>
							<b>Median</b>	<b>174.62</b>	<b>8.00</b>
							<b>Mean</b>	<b>162.93</b>	<b>7.93</b>
<b>Pandan Logistics Hub</b>	<b>7-May-2012</b>	<b>49 Pandan Road, Singapore</b>	<b>329,109</b>	<b>66.3</b>	<b>66.0</b>	<b>-0.4%</b>	<b>200.54</b>	<b>7.60</b>	

Source: Cache's 2011 annual report, Cache's announcements in relation to the Past Acquisitions and the Valuation Reports from the Independent Valuers.

#### Notes:

- (1) In respect of the Past Acquisitions, market valuation represents the valuation ascribed to the property by independent valuers at the time of the acquisition as set out in the relevant Cache's announcement. In respect of Pandan Logistics Hub, market valuation is the average of valuations by CKS and Knight Frank.
- (2) In respect of the Past Acquisitions, price psf is computed based on the purchase consideration as set out in the relevant announcement by Cache divided by the GFA. In respect of Pandan Logistics Hub, price psf is computed based on the Purchase Consideration divided by its GFA.
- (3) In respect of the Past Acquisitions, expected net property income yield represents the net property income yield estimated at the time of the acquisition as set out in the relevant Cache's announcement. In respect of Pandan Logistics Hub, expected net property income yield represents the yield estimated by the Manager as set out in the Circular.
- (4) In respect of APC Distrihub and Kim Heng Warehouse, the expected net property income yield shown in the table is the combined net property income yield of the two properties as disclosed in Cache's announcement.

Based on the above, we note that:

- (i) the price psf for Pandan Logistics Hub is within the range but is however above the mean and median price psf for the Past Acquisitions; and
- (ii) the expected net property income yield of Pandan Logistics Hub is within the range but is however below the mean and median net property income yields of the Past Acquisitions.

We wish to highlight that of the Past Acquisitions, the acquisition of Jinshan Chemical Warehouse in June 2011 was also an interested person transaction entered into with CWT.

### 3.4.5 Comparison against other properties held by industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the price psf of Pandan Logistics Hub against the valuation psf of the Comparable Properties.

We wish to highlight that although the Comparable Properties are broadly comparable to Pandan Logistics Hub in terms of them being logistics and warehousing properties in Singapore, the list of Comparable Properties may not be exhaustive and may differ from Pandan Logistics Hub in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to warehouse), tenant composition, occupancy rates, competition from similar surrounding properties and other relevant factors. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Name of property	Number of Comparable Properties	Valuation date	Price psf <sup>(1)</sup> (S\$)	
Ascendas Real Estate Investment Trust	24	31-Mar-2012	110.96	to 288.17
AIMS AMP Capital Industrial REIT	14	31-Mar-2012	118.76	to 377.68
Cambridge Industrial Trust	9	31-Dec-2011	94.61	to 210.57
Mapletree Logistics Trust	50	31-Mar-2012	87.81	to 257.85
Sabana Shari'ah Compliant Real Estate Investment Trust	10	30-Sep-2011	149.66	to 288.62
			<b>High</b>	<b>377.68</b>
			<b>Low</b>	<b>87.81</b>
			<b>Median</b>	<b>153.81</b>
			<b>Mean</b>	<b>159.97</b>
<b>Pandan Logistics Hub</b>		<b>31-Mar-2012</b>	<b>200.54</b>	

Source: Announcements and latest available annual reports of the respective industrial REITs and the Valuation Reports from the Independent Valuers.

**Note:**

- (1) In respect of the Comparable Properties, price psf is computed based on the latest publicly available market valuation divided by the approximate lettable area or (where information on lettable area is not available as in the case of Sabana Shari'ah Compliant Industrial REIT) the GFA. In respect of Pandan Logistics Hub, price psf is computed based on the Purchase Consideration divided by its GFA.

Based on the above, we note that the price psf for Pandan Logistics Hub is within the range but is however above the mean and median price psf of the Comparable Properties.

### 3.4.6 Comparison against recent acquisitions by industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the price psf of Pandan Logistics Hub against the price psf of similar logistics and warehousing properties in recent acquisitions by industrial REITs listed on the SGX-ST since 1 January 2011.

We wish to highlight that although the properties acquired in the Comparable Transactions are broadly comparable to Pandan Logistics Hub in terms of them being logistics and warehousing properties in Singapore, the list of Comparable Transactions may not be exhaustive and may differ from Pandan Logistics Hub in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to warehouse), tenant composition, occupancy rates, competition from similar surrounding properties and other relevant factors. In addition, these transactions were entered into at different points in time under different market conditions and economic environment. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Property	Acquirer	Announcement date	Approximate GFA (sq ft)	Purchase consideration (\$ million)	Price psf <sup>(1)</sup> (\$)	Expected net property income yield <sup>(2)</sup> (%)	
4 & 6 Clementi Loop (Stage 1)	Cambridge Industrial Trust	10-Mar-2011	189,961	40.0 <sup>(4)</sup>	210.57	n.a. <sup>(5)</sup>	
15A Tuas Avenue 18	Mapletree Logistics Trust	31-Mar-2011	165,764	24.5	147.80	8.20	
2 Toh Tuck Link	Sabana Shari'ah Compliant Real Estate Investment Trust	9-Sep-2011	180,735	39.8	220.21	n.a. <sup>(5)</sup>	
3A Joo Koon Circle	Sabana Shari'ah Compliant Real Estate Investment Trust	9-Sep-2011	165,856 <sup>(3)</sup>	40.2	242.38	n.a. <sup>(5)</sup>	
25 Pioneer Crescent	Cambridge Industrial Trust	12-Oct-2011	76,003	15.0	197.36	n.a. <sup>(5)</sup>	
3C Toh Guan Road East	Cambridge Industrial Trust	21-Nov -2011	192,857	35.5	184.07	n.a. <sup>(5)</sup>	
					<b>High</b>	<b>242.38</b>	
					<b>Low</b>	<b>147.80</b>	
					<b>Median</b>	<b>203.96</b>	
					<b>Mean</b>	<b>200.40</b>	
<b>Pandan Logistics Hub</b>	<b>Cache</b>	<b>7-May-2012</b>	<b>329,109</b>	<b>66.0</b>	<b>200.54</b>	<b>7.60</b>	

Source: Announcements made by the respective industrial REITs in relation to the Comparable Transactions and the Valuation Reports from the Independent Valuers.

#### Notes:

- (1) In respect of the Comparable Transactions, price psf is computed based on the purchase consideration divided by the approximate GFA as set out in the relevant announcements made by the industrial REITs. In respect of Pandan Logistics Hub, price psf is computed based on the Purchase Consideration divided by its approximate GFA.
- (2) In respect of the Comparable Transactions, expected net property income yield represents the net property income yield estimated at the time of the acquisition as set out in the relevant announcement made by the industrial REITs. In respect of Pandan Logistics Hub, expected net property income yield represents the yield estimated by the Manager as set out in the Circular.
- (3) In respect of the acquisition of 3A Joo Koon Circle by Sabana Shari'ah Compliant Real Estate Investment Trust, the GFA used in our computation is 165,856 sq ft (or 15,408 sq m) as reflected on the website of JTC (instead of 217,580 sq ft stated in the SGXNET announcement by Sabana Shari'ah Compliant Real Estate Investment Trust).
- (4) In respect of the acquisition of 4 & 6 Clementi Loop (Stage 1) by Cambridge Industrial Trust, the purchase consideration used in our computation is S\$40.0 million and we have excluded S\$23.3 million which was payable for extension and development works to be carried out by the vendor after the acquisition.
- (5) "n.a." denotes not available.

Based on the above, we note that:

- (i) the price psf for Pandan Logistics Hub is within the price range and is comparable to the mean and median price psf of the Comparable Transactions; and
- (ii) the expected net property income yield of Pandan Logistics Hub is however lower than the net property income yield implied in Mapletree Logistics Trust's acquisition of 15A Tuas Avenue 18.

### 3.4.7 Comparison against overall net property income yield of Cache and other industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the net property income yield of Pandan Logistics Hub against the overall net property income yields of Cache and other industrial REITs listed on the SGX-ST.

Name of REIT	Financial year ended	Overall net property income yield <sup>(1)</sup> (%)								
Ascendas Real Estate Investment Trust	31-Mar-2012	5.91								
AIMS AMP Capital Industrial REIT	31-Mar-2012	6.33								
Cambridge Industrial Trust	31-Dec-2011	6.75								
Mapletree Logistics Trust <sup>(2)</sup>	31-Mar-2012	5.89								
Sabana Shari'ah Compliant Real Estate Investment Trust	31-Dec-2011	7.00								
		<table> <tr> <td><b>High</b></td> <td><b>7.00</b></td> </tr> <tr> <td><b>Low</b></td> <td><b>5.89</b></td> </tr> <tr> <td><b>Median</b></td> <td><b>6.33</b></td> </tr> <tr> <td><b>Mean</b></td> <td><b>6.38</b></td> </tr> </table>	<b>High</b>	<b>7.00</b>	<b>Low</b>	<b>5.89</b>	<b>Median</b>	<b>6.33</b>	<b>Mean</b>	<b>6.38</b>
<b>High</b>	<b>7.00</b>									
<b>Low</b>	<b>5.89</b>									
<b>Median</b>	<b>6.33</b>									
<b>Mean</b>	<b>6.38</b>									

**Cache (for Existing Portfolio as extracted from the Circular)** **7.60<sup>(3)</sup>**

<b>Pandan Logistics Hub</b>	<b>7.60</b>
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*Source: Latest available full-year results announcements or annual reports of the respective industrial REITs and the Circular.*

**Notes:**

- (1) Overall net property income yield for the industrial REITs are computed based on the respective industrial REIT's net property income in the financial year divided by the market valuation of its property portfolio as at the end of the financial year (except in the case of Mapletree Logistics Trust ("MLT") as explained in Note 2 below).
- (2) On 21 June 2011, MLT announced a change of its financial year-end from 31 December to 31 March and that its latest financial year would accordingly cover a 15-month period from 1 January 2011 to 31 March 2012. In the table above, in respect of MLT, the net property income is for the 12-month period from 1 April 2011 to 31 March 2012 (as derived from MLT's announcement dated 19 April 2012 in relation to its financial statements for the 15-month period ended 31 March 2012).
- (3) Based on information provided by the management of the Manager, this represents the average net property income yield for Cache's Existing Portfolio (including Pan Asia Logistics Centre the acquisition of which was completed on 30 April 2012) and is computed based on the estimated net property income of the Existing Portfolio in the current financial year divided by the market valuation of the Existing Portfolio as at 31 December 2011 (save for Pan Asia Logistics Centre which was valued as at 27 January 2012).

We wish to highlight that Cache and certain of the industrial REITs had acquired additional properties during the relevant financial year. While the market valuation of the property portfolio of the relevant industrial REIT had accounted for such acquisitions, the net property income of the relevant industrial REIT had not been adjusted for the full year contribution from such acquisitions. Accordingly, there is an inherent downward bias in the overall net property income yields of such industrial REITs. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

We note that the net property income yield of Pandan Logistics Hub at 7.6% is comparable to the overall net property income yield of Cache of 7.6% and also higher than the overall net property yields of other industrial REITs listed on the SGX-ST.

### **3.4.8 Pro forma financial effects of the Acquisition**

The pro forma financial effects of the Acquisition on Cache are set out in Section 5.1 of the Circular. Unitholders should note that such financial effects are pro forma in nature and are based on various assumptions as set out in Section 5.1 of the Circular.

We note that on a pro forma basis, the Acquisition will result in the following:

- (i) the pro forma DPU of Cache for the financial year ended 31 December 2011 will increase from 8.235 cents to 8.471 cents;
- (ii) the pro forma DPU of Cache for the first quarter ended 31 March 2012 will increase from 2.086 cents to 2.148 cents;
- (iii) the pro forma NAV per Unit as at 31 December 2011 will decrease slightly from S\$0.93 to S\$0.92;
- (iv) the pro forma NAV per Unit as at 31 March 2012 will decrease slightly from S\$0.93 to S\$0.92; and
- (v) the Aggregate Leverage of Cache as at 31 March 2012 will increase from approximately 27.7% as at 31 March 2012 to approximately 32.5% following Completion (after adjusting for the capital management exercise and based on assumptions as described under Section 2.3 of the Circular).

## **3.5 Other relevant considerations**

### **3.5.1 Master Lease Agreement, Agreement for Lease and Escrow Leases**

The principal terms of the Master Lease Agreement, the Agreement for Lease and the Escrow Leases are set out in Section 2.5 and Section 3.1 of the Circular.

We wish to highlight that the Manager has stated in the Circular the following:

- (i) The triple-net rental rates under the Master Lease Agreement are determined based on comparable market gross rental rates reported in URA Real Estate Information System and the prevailing asking market gross rents of warehouse space in the Western region of Singapore (adjusted for triple-net costs), compiled and reported by Colliers International. These rental rates were arrived at on an arm's length basis and were supported by market rental rates and the opinions of the two Independent Valuers.
- (ii) The rental payable under the Agreement for Lease and Escrow Leases are determined on the same basis as the rental payable under the Master Lease Agreement as described above.
- (iii) The Agreement for Lease and Escrow Leases are entered into only for the First Storey Premises and the Fifth Storey Premises because only the end-users on those floors require the warehouse space that they occupy beyond the term of the Master Lease. In addition, such end-users have entered into service agreements with CWT under which CWT provides bundled services such as packaging, reverse logistics, transportation, inventory management, freight and use of space which a REIT would not be able to provide.
- (iv) The Agreement for Lease and the Escrow Leases are not prejudicial to Cache and the minority Unitholders for the following reasons:
  - (a) Market rental rates are fair and within the market acceptable range, as highlighted by two Independent Valuers.

- (b) Entering into the Agreement for Lease and Escrow Leases upon Completion ensures longer predictable cash flow for Cache. The rental escalation rate for the Master Lease and the Escrow Leases are the same, and the starting rent of the Escrow Leases is 2.5% higher than the third year rental rates of the master lease for the Escrow Leases Premises. The Independent Valuers have factored in the locked-in rental escalations in the assumptions they used for valuation of Pandan Logistics Hub. The rental escalation rate of 2.5% per annum is at the highest end of the range of rental escalation rates for Cache's Existing Portfolio and the industry norm based on assessment of the Manager, both of which range between 1.5% to 2.5% according to the Manager.
- (c) Cache had entered into similar agreements in respect of CWT Commodity Hub during Cache's IPO.
- (d) The Escrow Leases actually support the occupancy of the premise beyond what is the term of the Master Lease.

#### Rental rates

We note from the Valuation Reports of the Independent Valuers the following:

- (i) CKS has stated that the current average monthly asking gross rentals (typically higher than market achieved gross rent) of warehouse space around the subject vicinities are between S\$1.60 psf and S\$1.80 psf and that it is of the opinion that the triple net rentals for Pandan Logistics Hub at S\$1.30 psf and S\$1.34 psf per month, after taking into account triple-net costs at S\$0.30 psf per month, are in line with the market.
- (ii) Knight Frank has stated that the profile of the leaseback for Pandan Logistics Hub is similar to recent purchases of entire industrial buildings by REITs and that these properties are subject to future payment of land rentals to the Head Lessor and most transactions involved sale and leaseback at triple net rental basis (i.e. net of land rent, property tax and all outgoings) or other special financial arrangements. Knight Frank has also stated that the average monthly asking gross rental of warehouse space in the west region of Singapore ranges from S\$17.22 per sq m (S\$1.60 psf) to S\$19.38 per sq m (S\$1.80 psf). Knight Frank has reviewed the rents of the Master Lease and escalation structure. Assuming a triple net cost of about S\$3.23 per sq m (S\$0.30 psf) to be borne by the master lessee, the equivalent monthly gross rent of Pandan Logistics Hub will be in the region of S\$17.22 per sq m (S\$1.60 psf) to S\$17.65 per sq m (S\$1.64 psf). Taking into account that market asking gross rent may typically be higher than market achieved gross rent, Knight Frank is of the opinion that the rents of the Master Lease are fair and within the market acceptable range.

#### Rental escalation

The Master Lease Agreement and the Agreement for Lease provide for rental escalation of 2.5% per annum. In considering such rental escalation, we note the following based on publicly available information:

- (i) Based on the prospectus issued by Cache in relation to its IPO dated 1 April 2010, the Trustee had entered into master lease agreements with CWT as well as C&P Holdings Pte Ltd and its relevant subsidiaries in respect of 6 properties and these master lease agreements which have varying terms were structured with built-in rental escalation of 1.5% per annum.
- (ii) In respect of CWT Commodity Hub, the Trustee and CWT further entered into an agreement to lease and a supplemental agreement to the master lease agreement on 30 December 2010. Pursuant to the agreement to lease, in the event that the master lease agreement is not renewed at the end of the initial 5-year period expiring 11 April 2015, the Trustee and CWT will agree to lease the premises from 12 April 2015 to 11 April 2019 and the rental payable will be subject to an annual step-up of 2% per

annum. Pursuant to the supplemental agreement, CWT agrees to pay additional rent to Cache with effect from 1 February 2011 as a result of certain asset enhancement works to be carried out at CWT Commodity Hub.

- (iii) In respect of Jinshan Chemical Warehouse which was acquired by Cache in June 2011, the Trustee and CWT agreed to lease the property for a period of 3 years with an option for a further 3 years at a rental which was subject to an annual step-up of 2%.
- (iv) Cache's 2011 annual report states that the master lease agreements in respect of Cache's nine existing properties as at 31 December 2011 are structured with built-in rental escalation of 1.5% to 2.0% per annum over the lease term. We understand from the management of Cache that the rental escalation rate for Pandan Logistics Hub is higher compared to this range as Pandan Logistics Hub is a newly completed building in the prime Pandan area and has modern and attractive technical specifications.
- (v) Based on the prospectus issued by Sabana Shari'ah Compliant Real Estate Investment Trust in relation to its IPO dated 22 November 2010, the trustee had entered into master lease agreements in respect of 15 properties and of these master leases, 12 leases were structured with built-in rental escalation ranging from 1.5% to 2.0% per annum.

Further, based on our verbal enquiries with the Independent Valuers, we understand that in the Independent Valuers' view, the rental growth of 2.5% implied in the Master Lease and the Agreement for Lease appears reasonably sustainable when considered against general inflation and is also generally in line with other sale and leaseback transactions of this nature involving REITs.

#### Security deposit

Security deposit is a deposit placed as security for compliance by the lessee of all the provisions in the lease agreement and as security for the trustee in respect of any loss or damage resulting from any default by the lessee under the lease agreement. Pursuant to the Master Lease Agreement and the Agreement for Lease, CWT will place a security deposit equivalent to 6 months' rent with Cache.

The relevant factors in considering the amount of security deposit include reputation, credit worthiness, financial standing, track record and payment history of the counter party. In this regard, we note that CWT is a company listed on the Main Board of the SGX-ST with a market capitalisation of more than S\$700 million as at the Latest Practicable Date. Based on its 2011 annual report, CWT has cash and cash equivalents amounting to S\$212.0 million and consolidated net tangible assets amounting to S\$362.1 million with a net gearing ratio of 0.3 time. In the latest financial year ended 31 December 2011, CWT achieved consolidated profit after tax of S\$57.1 million.

We wish to highlight that the Manager has stated in the Circular the following:

- (i) The security deposit of 6 months is in line with the terms of the lease agreements in relation to Cache's third-party acquisitions of 4 Penjuru Lane and 22 Loyang Lane as well as transactions involving other REITs, and the Manager is of the view that such rental deposit is sufficient to address any potential re-leasing risk that may, in extraordinary circumstances, exist in the event of a default by the Master Lessee.
- (ii) At the time of Cache's IPO, the 12 months' security deposits were in consideration of the longer master lease terms of between five to over six years and the terms of the individual lease agreements, which together had a weighted average lease expiry ("**WALE**") of 6.4 years. In respect of Pandan Logistics Hub, the term of the Master Lease of three years and the term of the Escrow Leases of two and four years, together equate to a WALE of 4.3 years. In view of the shorter lease commitment exposure, the Manager is of the view that a six months' security deposit is sufficient.

We further note the following based on publicly available information:

- (i) Cache's 2011 annual report states that all of Cache's ten existing properties as at 31 December 2011 are supported by security deposits representing 3 to 12 months of rental in the form of either cash or bank guarantees.
- (ii) The amount of security deposits (in terms of months) in lease agreements entered into by other industrial REITs listed on the SGX-ST is as follows:

	Amount of security deposit (in terms of months)	
	Based on disclosure in latest published annual report	Based on disclosure in IPO prospectus
Ascendas Real Estate Investment Trust	Weighted average of 6.4	n.a. <sup>(1)</sup>
AIMS AMP Capital Industrial REIT	3 to 12 / Average of 8.4	3 to 15
Cambridge Industrial Trust	Average of 12.5	10 to 24 / Average of 14
Mapletree Logistics Trust	n.a. <sup>(1)</sup>	3 to 12
Sabana Shari'ah Compliant Real Estate Investment Trust	n.a. <sup>(1)</sup>	6 to 12

**Note:**

(1) "n.a." denotes not available.

### 3.5.2 Market overview

We wish to highlight the following set out in the Valuation Reports of CKS and Knight Frank:

- (i) The industrial property market in Singapore has registered robust growth in recent years. The positive atmosphere has resulted in increased demand for quality industrial properties especially warehouse space.
- (ii) The URA rental index of multiple-user warehouse has registered an increase of 13.3% from 4Q2010 to 4Q2011. On the supply side, the total available supply of warehouse space islandwide stood at 7,116 million sq m nett as at 4Q2011 of which private sector accounted for 99.3% (7,060 million sq m nett).
- (iii) The vacancy rate of warehouse space (private sector) hovered around 5.7% to 7.8% in the year 2011. Statistical data has revealed that the overall vacancy rate stood at 5.7% as at 4Q2011, down from 6.5% in 3Q2011. The region that has the highest vacancy rates is the north-east region which stood at 10.7%. The vacancy rate for west region is currently at 5.3%.
- (iv) There is limited supply and little new potential supply of warehouse space in the vicinity of Pandan Logistics Hub.

## 4. PROHIBITION ON VOTING

We note that CWT and its associates (being C&P and the Manager) are prohibited from voting on Resolution 1 in relation to the Acquisition and the Master Lease and Resolution 2 in relation to the Agreement for Lease and the Escrow Leases.

## 5. OUR OPINION

Based on the considerations set out above in this letter and subject to the qualifications and assumptions herein, we are of the view that the Acquisition and the Related Transactions are based on normal commercial terms and are not prejudicial to Cache and the minority Unitholders in accordance with Chapter 9 of the Listing Manual.

This opinion is addressed to the Independent Directors and the Trustee for their benefit in connection with and for the purpose of their consideration of the Acquisition and the Related Transactions. Any statement or recommendation made by the Independent Directors in respect of the Acquisition and the Related Transactions shall remain their responsibility. Our opinion does not and cannot take into account future circumstances, including market, economic, industry, monetary and other conditions after the Latest Practicable Date as these are factors beyond the ambit of our review.

This letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**CIMB BANK BERHAD, SINGAPORE BRANCH**

**MAH KAH LOON**  
HEAD  
CORPORATE FINANCE

**TAN CHER TING**  
DIRECTOR  
CORPORATE FINANCE

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of Cache Logistics Trust (“**Cache**”) will be held on Tuesday, 19 June 2012 at 2.00 p.m. at InterContinental Singapore, 80 Middle Road, Singapore 188966, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### ORDINARY RESOLUTION 1

#### (1) THE PROPOSED ACQUISITION OF PANDAN LOGISTICS HUB

That subject to and contingent upon the passing of Resolution 2:

- (i) approval be and is hereby given for the acquisition of Pandan Logistics Hub which is located at 49 Pandan Road, Singapore 609290 (“**Pandan Logistics Hub**”, and the acquisition of Pandan Logistics Hub, the “**Acquisition**”), from 49 Pandan Pte. Ltd. (the “**Vendor**”) for a purchase consideration of S\$66.0 million (the “**Purchase Consideration**”), on the terms and conditions set out in the sale and purchase agreement dated 7 May 2012 (the “**Sale and Purchase Agreement**”) (as described in the circular dated 31 May 2012 (“**Circular**”)) made between HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Cache (the “**Trustee**”), and the Vendor;
- (ii) the entry into of the Sale and Purchase Agreement be and is hereby approved and ratified;
- (iii) approval be and is hereby given for the entry into of the master lease agreement (the “**Master Lease Agreement**”) (as described in the Circular) between the Trustee and CWT Limited pursuant to which CWT Limited will take a lease of the whole of Pandan Logistics Hub (the “**Master Lease**”);
- (iv) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisition; and
- (v) the Manager, any director of the Manager (“**Director**”), and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Cache to give effect to the Acquisition and the entry into of the Master Lease Agreement and all transactions in connection therewith).

### ORDINARY RESOLUTION 2

#### (2) THE PROPOSED AGREEMENT FOR LEASE AND ESCROW LEASES IN RELATION TO PANDAN LOGISTICS HUB

That subject to and contingent upon the passing of Resolution 1:

- (i) approval be and is hereby given for the entry into of the agreement for lease (the “**AFL**”) between the Trustee and CWT Limited in respect of (a) the entire first storey warehouse and first storey mezzanine office of Pandan Logistics Hub (the “**First Storey Premises**”) and (b) the entire fifth storey warehouse and fifth storey mezzanine office of Pandan Logistics Hub (the “**Fifth Storey Premises**”) and the signing of the leases by the Trustee and CWT Limited in respect of the First Storey Premises and the Fifth Storey Premises which will be held in escrow (as described in the Circular) (the “**Escrow Leases**”); and
- (ii) the Manager, any Director, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Cache to give effect to the AFL and the Escrow Leases and all transactions in connection therewith).

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

31 May 2012

**Important Notice:**

- (1) A unitholder of Cache entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of Cache.
- (2) Where a unitholder of Cache appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) The instrument appointing a proxy must be lodged at the Unit Registrar's office at M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to Proxy Form**

1. A unitholder of Cache Logistics Trust ("**Cache**") and a unitholder of Cache, "**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of units in Cache ("**Units**") held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Cache, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with ARA-CWT Trust Management (Cache) Limited, as manager of Cache (the "**Manager**")) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
8. The Manager and/or the Unit Registrar shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager and/or the Unit Registrar may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided by a poll.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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# CACHE LOGISTICS TRUST

(a real estate investment trust constituted on 11 February 2010 under the laws of the Republic of Singapore)  
Managed by ARA-CWT Trust Management (Cache) Limited  
(as Manager of Cache Logistics Trust)  
(Company Registration No. 200410976R)

## PROXY FORM

### EXTRAORDINARY GENERAL MEETING

**IMPORTANT:**

1. For investors who have used their CPF money to buy units in Cache, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a unitholder/unitholders of Cache Logistics Trust ("**Cache**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of Cache to be held on Tuesday, 19 June 2012 at 2.00 p.m. at InterContinental Singapore, 80 Middle Road, Singapore 188966 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting, authority herein includes the right to vote on a poll.

	Resolution (by poll)	No. of Votes For *	No. of Votes Against *
1	To approve the Acquisition and Master Lease of Pandan Logistics Hub (Ordinary Resolution) (Conditional upon the passing of Resolution 2)		
2	To approve the Agreement for Lease and the Escrow Leases in relation to Pandan Logistics Hub (Conditional upon the passing of Resolution 1)		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

<b>Total number of Units held</b>

\_\_\_\_\_  
Signature(s) of unitholder(s)/Common Seal



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2<sup>nd</sup> fold here



Affix  
Postage  
Stamp

**ARA-CWT Trust Management (Cache) Limited**  
(as manager of Cache Logistics Trust)

c/o

**Unit Registrar**  
**M & C Services Private Limited**  
138 Robinson Road #17-00  
The Corporate Office  
Singapore 068906

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3<sup>rd</sup> fold here