

ARALOGOS

LOGISTICS TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 11 February 2010 as amended and restated)

Press Release

ALOG Reports Stronger Performance in 3Q FY20 and Announced Maiden Acquisition Post Rebranding

Key Highlights:

- Announced maiden acquisition post rebranding as ARA LOGOS Logistics Trust – disciplined execution of Portfolio Rebalancing and Growth Strategy
- Stronger performance driven by high portfolio occupancy levels and commencement of new leases at several properties during the quarter
- 3Q FY20 DPU rose 11.3% y-o-y and 10.2% q-o-q respectively as compared to 3Q FY19 and 2Q FY20
- S\$1.0 million of the remaining S\$2.0 million retained distributable income further released in 3Q FY20 to Unitholders

Financial Performance

In S\$'000 unless otherwise noted

	3Q FY20	3Q FY19	Change (%)	2Q FY20	Change (%)	YTD FY20	YTD FY19	Change (%)
Gross Revenue	29,517	27,721	6.5	29,004	1.8	87,302	86,353	1.1
Net Property Income ("NPI")	22,899	21,140	8.3	21,891	4.6	66,820	65,362	2.2
Distributable Income Declared to Unitholders	15,965	14,213	12.3	14,465	10.4	41,284	44,829	(7.9)
Distribution per Unit ("DPU") (cents)	1.461 ⁽¹⁾	1.313	11.3	1.326	10.2	3.784 ⁽¹⁾	4.147	(8.8)
Adjusted DPU ⁽²⁾	1.369 ⁽¹⁾⁽³⁾	1.161 ⁽⁴⁾	17.9	1.280 ⁽⁵⁾	7.0	3.875 ⁽⁶⁾	3.622 ⁽⁷⁾	7.0
No. of Units in Issue and to be issued (mil)	1,092.8	1,082.8	0.9	1,090.8	0.2	1,092.8	1,082.8	0.9

¹ Based on 1,092,786,817 units issued and to be issued as at 30 September 2020.

² For purpose for like-for-like comparisons to exclude capital and one-off distribution items only.

³ Excluding S\$1.0 million of the remaining S\$2.0 million retained distributable income released as part of 3Q FY20 distributable income.

⁴ Excluding one-off distribution of S\$1.1 million tax-exempt income from the divestment of Jinshan Chemical Warehouse and S\$0.5 million capital distribution.

⁵ Excluding the S\$0.5 million of S\$2.5 million retained distributable income in 1Q FY20 released to Unitholders in 2Q FY20.

⁶ Including the remaining S\$1.0 million retained distributable income.

⁷ Excluding one-off distribution of S\$4.3 million in relation to 51 Alps and the divestment of Jinshan Chemical Warehouse and capital distribution of S\$1.2 million in YTD FY19.

Singapore, 26 October 2020 – ARA LOGOS Logistics Trust Management Limited, the manager (the “**Manager**”) of ARA LOGOS Logistics Trust (“**ALOG**”), announced today a Distributable Income of S\$16.0 million for the period 1 July 2020 to 30 September 2020 (“**3Q FY20**”). The distribution per unit (“**DPU**”) for 3Q FY20 was 1.461 cents and will be paid to Unitholders on 27 November 2020.

Year-on-year (“**y-o-y**”), ALOG reported a stronger performance where Gross Revenue and NPI saw an increase of 6.5% and 8.3% to S\$29.5 million and S\$22.9 million respectively compared to 3Q FY19. Higher contribution from the overall portfolio and commencement of new leases for certain properties in 3Q FY20 has translated into higher revenue generated during the quarter. 3Q FY20 DPU also grew 11.3% y-o-y to 1.461 cents from 1.313 cents in 3Q FY19. On a like-for-like basis, excluding capital and one-off distributions, DPU would have been 17.9% higher y-o-y.

On a quarter-on-quarter (“**q-o-q**”) basis, 3Q FY20 Gross Revenue and NPI was 1.8% and 4.6% higher at S\$29.5 million and S\$22.9 million respectively as compared to S\$29.0 million and S\$21.9 million in 2Q FY20. Similarly, DPU increased 10.2% q-o-q in 3Q FY20 from 1.326 cents in 2Q FY20.

After prudent consideration, the Manager has further released S\$1.0 million out of the remaining S\$2.0 million retained distributable income as part of 3Q FY20’s distributable income to Unitholders.⁽⁸⁾ The Manager will continue to review the release of the remaining retained distribution income while remaining mindful of the current conditions.

YTD FY20 Gross Revenue and NPI rose 1.1% and 2.2% to S\$87.3 million and S\$66.8 million respectively as compared to YTD FY19 mainly due to the commencement of new leases at certain properties and higher revenue contribution across the portfolio. DPU was however lower by 8.8% in YTD FY20 as compared to YTD FY19 due to capital and one-off distributions. On a like-for-like basis, excluding capital and one-off distributions, DPU would have been 7.0% higher instead.

Chief Executive Officer of the Manager, Ms Karen Lee commented: “Despite the challenging operating climate as a result of the impact of the COVID-19 pandemic, ALOG’s logistics portfolio has continued to deliver a robust performance for the quarter, seeing a 11.3% higher y-o-y DPU of 1.461 cents. Supported by a resilient logistics sector and the strong demand for modern logistics warehouses, ALOG’s quality portfolio is well-positioned to tap on these growth drivers to continue to deliver higher organic growth and stable performance for its Unitholders.”

Prudent Capital Management

ALOG’s balance sheet remains well-positioned to meet any financial obligations as and when they fall due. As at 30 September 2020, aggregate leverage ratio stood at 40.5%. YTD all-in financing cost was also lower at 3.32% as compared to 3.45% in 1H FY20 on the back of lower floating rates and borrowing costs secured during the period. ALOG does not have any further refinancing requirements until December 2021.

⁸ Released S\$0.5 million of the S\$2.5 million retained distributable income in 1Q FY20 as part of 2Q FY20 distributable income.

On foreign exchange exposure, approximately 87.1% of ALOG's distributable income is either derived in Singapore dollars or hedged to reduce foreign currency risk.

Stable and Consistent Portfolio Performance

As at end-September 2020, committed occupancy was at a high 97.0% with approximately 1.52 million square feet of leases successfully executed in YTD FY20⁽⁹⁾ on the back of proactive leasing efforts. The portfolio's WALE by net lettable area stood at 2.6 years as at 30 September 2020 with lease expiries representing only 4.4% of Gross Revenue for the remainder of FY2020. The Manager will continue its proactive leasing efforts to secure forward commitments and maintain high occupancy across the portfolio.

Scaling Up Strategic Presence in Key Market

ALOG today announced a proposed maiden acquisition⁽¹⁰⁾ from its Sponsor's, LOGOS Group ("**LOGOS**"), managed ventures, following its rebranding as ARA LOGOS Logistics Trust earlier this year. The proposed acquisition will comprise of the following:

- the acquisition of five logistics properties in Brisbane, Australia, including a development asset⁽¹¹⁾ (the "**New Australia Properties**") (the "**Proposed Acquisitions**"); and
- the fund investment in 49.5% interest in New LAIVS Trust and the investment in 40.0% interest in Oxford Property Fund, which have a combined portfolio of five logistics properties across New South Wales and Victoria in Australia (the "**Australia Fund Properties**") (the "**Proposed Fund Investments**")⁽¹²⁾.

The New Australia Properties and the Australia Fund Properties consist of good-quality and prime logistics properties that are strategically located in key economic hubs along the Eastern Seaboard cities. With this acquisition, it will not only allow further diversification of income, but also grow ALOG's presence in Australia, which is a key market for ALOG.

Commenting on the Proposed Acquisitions and Fund Investments, Ms Lee continued: "This acquisition is a momentous milestone for ALOG and demonstration of the Sponsor's commitment to strengthen ALOG's growth profile. Working alongside our Sponsor, we are committed in the pursuit of our Portfolio Rebalancing and Growth Strategy to enhance the quality of ALOG's portfolio and look forward to a transformational journey of growth ahead to create greater value for our Unitholders."

⁹ Excluding short-term leases executed.

¹⁰ SGX announcement released on 26 October 2020.

¹¹ ALOG has made a 5% down payment in respect of Corner Heron Drive and Curlew Street, Port of Brisbane, Queensland (the "**Heron Property**"), which is currently under development, and will complete the acquisition of the Heron Property within three months after initial practical completion, which is currently expected to be in November 2021.

¹² The investment in the funds are classified as a real estate related investment and not real estate under the Property Funds Appendix.

Outlook

According to advanced estimates for 3Q 2020, the Singapore economy expanded by 7.9% q-o-q on a seasonally-adjusted basis, seeing an improvement from the 13.2% contraction in 2Q 2020. On a y-o-y basis, the economy tightened by 7.0%, improving from the 13.3% contraction in the second quarter. This improvement in the quarter was mainly due to the phased re-opening of the economy following the Circuit Breaker period. ⁽¹³⁾

Based on JTC's 3Q 2020 quarterly report, warehouse vacancy for 3Q 2020 stood at 10.9%. ⁽¹⁴⁾ In a report by CBRE Research, the overall leasing activity in 3Q 2020 comprise mainly of renewals and relocations. Even though government stockpiling has tapered off, warehouse and prime logistics spaces continue to see stable leasing appetite underpinned by higher demand from e-commerce, food logistics and third-party logistics players. In 3Q 2020, resilient leasing demand for logistics spaces has also continued to support rents, with both ground and upper floor warehouse rents increasing by 0.5% q-o-q. ⁽¹⁵⁾

According to the Reserve Bank of Australia ("RBA"), the Australian economy saw a sharp contraction in the quarter of June, with output falling by 7.0%. Recovery is currently under way in most of Australia, although the second-wave outbreak in Victoria has resulted in a further contraction in output there. The national recovery is likely to take some time before the level of output returns to its end-2019 level. Meanwhile, until progress is made towards full employment, RBA will not increase the cash rate and it is optimistic that inflation will be sustainably managed within the 2–3 per cent target band. ⁽¹⁶⁾

The Australian industrial and logistics sector has proved to be resilient so far, based on a research by Colliers Australia, underpinned by the rapid growth of e-commerce as well as the reallocation of capital away from other sectors. Despite the near-term impacts, macro drivers of industrial and logistics tenancy demand such as growth in e-commerce and investment in infrastructure continue to drive leasing activities, while there remains a significant weight of capital also seeking assets within the sector. ⁽¹⁷⁾

Distribution to Unitholders

For 3Q FY20, ALOG will pay a distribution of 1.461 cents per unit on 27 November 2020 for the period from 1 July 2020 to 30 September 2020. The books closure date is on 5 November 2020.

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¹³ Ministry of Trade and Industry, Press Release, "Singapore's GDP Contracted by 7.0 Per Cent in the Third Quarter of 2020", 14 October 2020.

¹⁴ JTC Quarterly Report, Industrial Market, 3Q 2020.

¹⁵ CBRE Research, Singapore MarketView, Trudging Along, 3Q 2020.

¹⁶ Statement by Philip Lowe, Governor: Monetary Policy Decision, 6 October 2020.

¹⁷ Colliers Radar, Q2 2020 Industrial & Logistics Market Update, August 2020.



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

Karen Lee
Chief Executive Officer
26 October 2020

For enquiries, please contact:
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ABOUT ARA LOGOS LOGISTICS TRUST (“ALOG”)

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

As at 30 September 2020, ALOG’s portfolio comprises 27 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia. The portfolio has a total gross floor area of approximately 9.0 million square feet valued at approximately S\$1.26 billion.

For more information, please visit www.aralogos-reit.com.

ABOUT ARA LOGOS LOGISTICS TRUST MANAGEMENT LIMITED

ALOG is managed by ARA LOGOS Logistics Trust Management Limited (the “**Manager**”), a wholly-owned subsidiary of LOGOS. ARA Asset Management Limited (“**ARA**” or the “**Group**”) is a majority shareholder of LOGOS, which operates as ARA’s global logistics real estate platform.

LOGOS is one of Asia Pacific’s leading logistics property groups with over 6.7 million sqm of property owned and under development, and a completed value of S\$14 billion across 24 ventures. As a vertically integrated business, LOGOS manages every aspect of logistics real estate, from sourcing land or facilities, to undertaking development and asset management, on behalf of some of the world’s leading global real estate investors.

ARA is a leading APAC real assets fund manager with a global reach. With S\$110 billion⁽¹⁸⁾ in gross assets under management as at 30 June 2020, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate equity and credit funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA’s multi-platform, multi-product global fund management business is supported by dedicated local teams with in-depth knowledge and expertise and empowered by a forward-looking real estate technology strategy. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world’s largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information on LOGOS and ARA, please visit <https://www.logosproperty.com> and <http://www.ara-group.com>.

IMPORTANT NOTICE

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

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

¹⁸ Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates as at 30 June 2020.