

# Financial Results for Third Quarter ended 30 September 2009

27 October 2009

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# Strategic Vision

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*Cambridge Industrial Trust (CIT) is committed to providing its Unitholders with a stable and secure income stream, through proactive management of its property portfolio and with the intention to deliver long term capital growth.*





## **Third Quarter Overview**

*CWT DistriPark, 24 Jurong Port Road*

## Quarterly Key Highlights

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- ❖ Sustainable income stream with total distributable income rising 4.7% to S\$11.2 million quarter-on-quarter
- ❖ Increase in portfolio occupancy to a high level of 99.7%, 7.8% above industrial market's average of 91.9%
- ❖ Divestment of non-core assets underway with net proceeds exceeding book value
- ❖ Strong institutional support for private placement, raising gross proceeds of approximately S\$28 million
- ❖ CITM, the Manager, granted a Capital Market Services Licence by the Monetary Authority of Singapore on 31 August 2009







A photograph of a modern, multi-story office building with a glass facade, identified as Enterprise Hub. The building is set against a clear blue sky with some light clouds. In the foreground, there are green trees and a paved area. A semi-transparent grey box with red text is overlaid on the center of the image.

## Third Quarter Financial Performance

*Enterprise Hub (Soon Lee Realty)*

## 3Q2009: Financial Results Summary



	3Q2009	2Q2009	Change %
Gross Revenue	S\$18.7m	S\$18.4m	 1.6
Net Property Income	S\$16.4m	S\$16.0m	 2.5
Net Income	S\$9.2m	S\$8.6m	 7.0
Distributable Income	S\$11.2m	S\$10.7m	 4.7
<b>Distribution Per Unit (DPU)</b>	<b>1.344 cents</b>	<b>1.345 cents</b>	 <b>(0.1)</b>
Annualised DPU	5.332 cents	5.395 cents	 (1.2)



## 3Q2009: Distribution Timetable



Event	Important Dates
Distribution Period	1 July 2009 to 30 September 2009
Distribution Rate (“Cambridge”)	1.344 Singapore cents per unit
Distribution Rate (“Cambridge A”)*	0.708 Singapore cents per unit
Last Day of Trading on “Cum” Basis	Monday, 2 November 2009
Ex-date	Tuesday, 3 November 2009
Books Closure Date	Thursday, 5 November 2009
Distribution Payment Date	Monday, 30 November 2009

\* Cambridge “A” units are resultant of the private placement which was carried out by the Manager on 12 August 2009.

## 3Q2009: Healthy Balance Sheet



S\$'000	30 Sep 2009 (S\$million)	30 Jun 2009 (S\$million)
Investment Properties	880.4	880.3
Current Assets	36.2	10.0
<b>Total Assets</b>	<b>916.6</b>	<b>890.3</b>
Borrowings	(373.4)	(371.7)
Other Liabilities	(22.5)	(24.2)
<b>Total Liabilities</b>	<b>(395.9)</b>	<b>(395.9)</b>
<b>Net Assets Attributable to Unitholders</b>	<b>520.7</b>	<b>494.4</b>
No. of units issued ('000)	867.5	796.4
<b>NTA Per Unit</b>	<b>S\$0.60</b>	<b>S\$0.62</b>

# Financial Risk Management

- ❖ Debt maturity profile: The facility expires Feb 2012 (S\$390.1 m syndicated term loan facility)
- ❖ Existing interest costs are fixed till Feb 2012, minimising risk of interest rate fluctuation

Debt Profile	30 Sep 2009	30 Jun 2009
Bank LTV – secured properties <sup>(1)</sup>	44.5% <sup>(2)</sup>	45.6%
Gearing ratio	42.6%	43.8%
All-in cost of debt <sup>(3)</sup>	5.9%	5.9%
Interest cover ratio <sup>(4)</sup>	3.8 times	3.7 times
Interest cover ratio covenant <sup>(5)</sup>	2.2 times	2.2 times

(1) Loan to value gearing covenant is 55%. There is a covenant at 50% will trigger the banks' right to lock up the cash proceeds.

(2) Improvement in gearing resultant from cash proceeds received from private placement exercise carried out on 12 August 2009.

(3) All-in cost of debt includes amortisation of start-up costs.

(4) The above ratios are tabulated as indicated by the bank covenants. The accounting method of tabulating the interest cover ratio would be 3.4 times.

(5) There is a covenant at 2.5 times which will trigger the banks' right to lockup the cash proceeds.

A photograph of a modern, multi-story commercial building with a prominent curved glass facade. The building is light-colored with dark blue accents. The words "EKSLUSIV CENTRE" are written in red on the top of the curved section. In the foreground, there is a road with a silver car, some landscaping, and a banner for GELY. A semi-transparent grey box with red text is overlaid on the center of the image.

## Portfolio Management Highlights

*7 Ubi Close (Exklusiv Auto)*

# Resilient Portfolio Performance

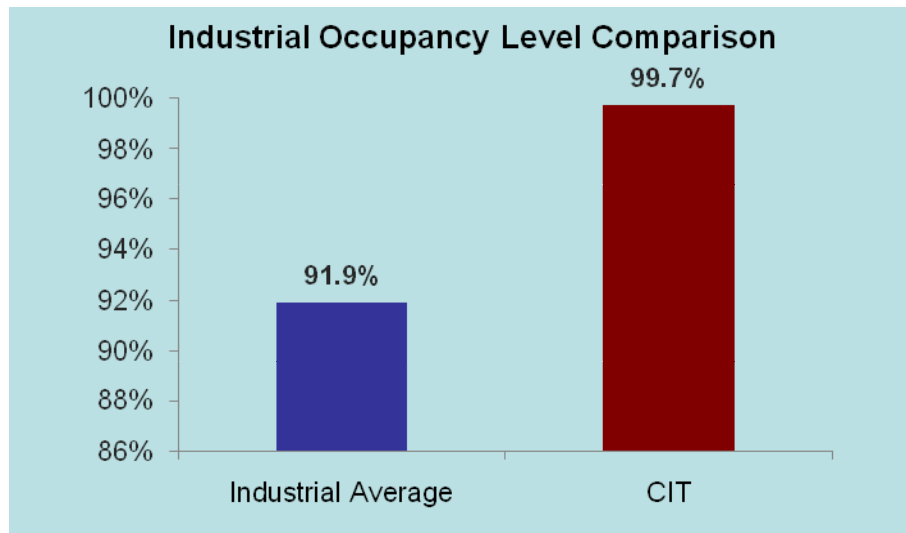


## ❖ Secured Tenant Base

- ❖ All leases expiring in 3Q2009 have been renewed, resulting in a 100% tenant retention rate

## ❖ Continued Healthy Occupancy Rate above Market's Average

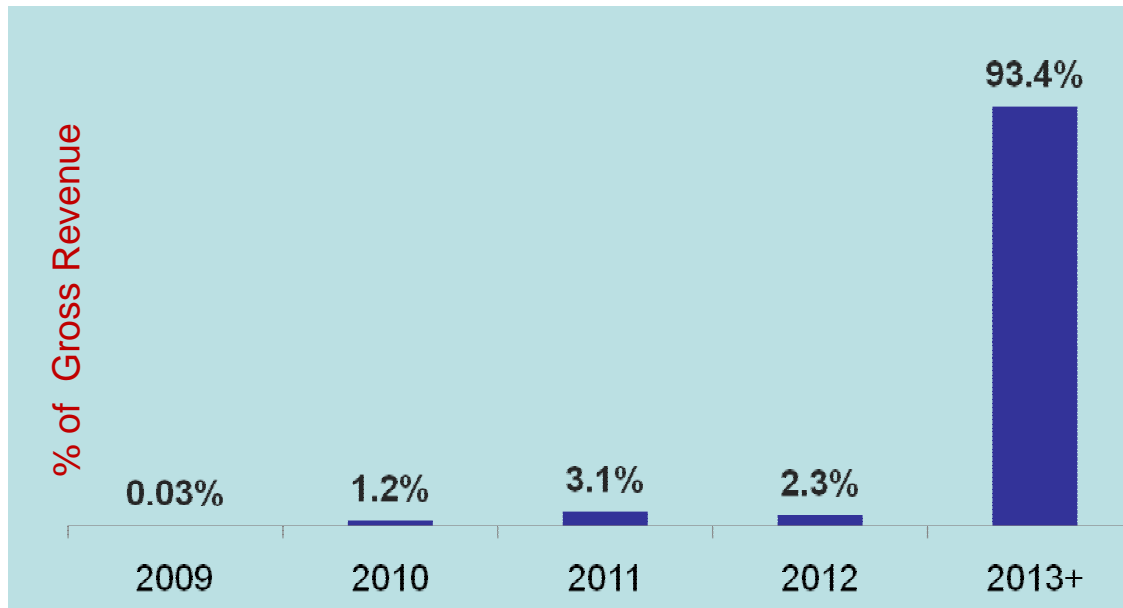
- ❖ Reduction of vacant areas leased, increasing portfolio occupancy to 99.7%, (0.2% increase q-o-q from 99.5%), which is 7.8% above the industrial market's average of 91.9%



# Resilient Portfolio Performance

- ❖ **Long Average Lease Term and Strong Lease Expiry Profile**
  - ❖ Average lease expiring weighted by income is approx. 4.9 years with only 6.6% of portfolio rental expiring before 2013

**Lease Expiry Profile as at 30 September 2009**



# Resilient Portfolio Performance

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- ❖ **Organic Portfolio Growth**
- ❖ 15% of the portfolio leases have contracted rent reviews of 7.0% and 1,227 sq m of new lease transactions have been secured
  
- ❖ **Low Current Arrear Ratio**
- ❖ Low current arrears at ~ 1.4% of annualised gross rent
  
- ❖ **High Levels of Bank-guaranteed Security deposits**
  - ❖ Averaging 15.7 months of rental per tenant to provide buffer / confidence of cashflow



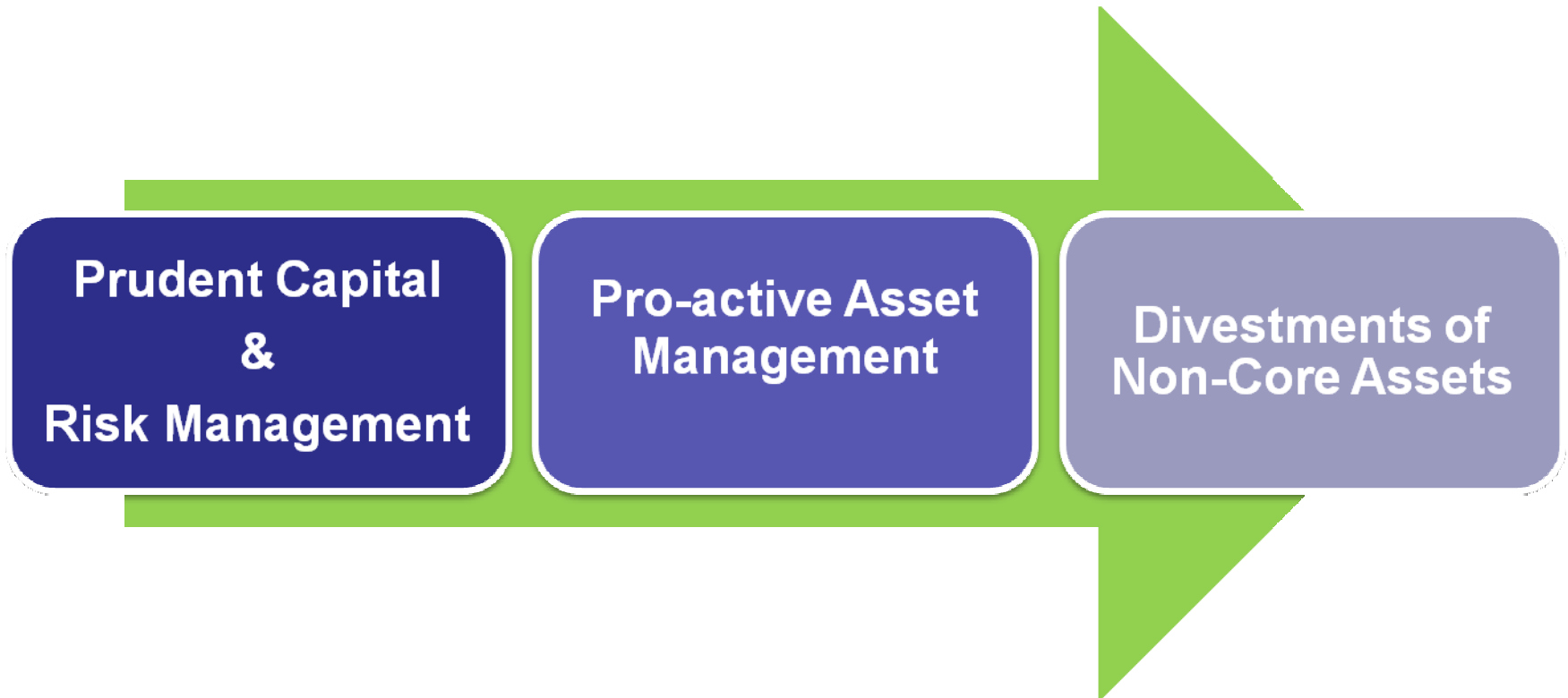
## Strategic Platform

*Panasonic Building (SC Merah)*



# Strategic Focus

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## Prudent Capital & Risk Management

- ❖ Long term gearing ratio target of CIT should be reduced to approximately 30% to 35%.
- ❖ Planning ahead: proactively manage future debt expiry well ahead of due dates.
- ❖ Implementation of a Distribution Reinvestment Plan (DRP) using proceeds to lower gearing.

# Strategic Focus

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## Pro-active Asset Management

- ❖ Investigating a number of asset enhancement opportunities within the Trust's portfolio to increase value.

## Divestments of Non-Core Assets

- ❖ Divestment strategy of non-core assets underway to strengthen the quality of the portfolio, and to reduce gearing.



## Appendix

160 Kallang Way (StorHub Self Storage)

# Appendix: Resilient Portfolio

- ❖ **Built-in Portfolio Rental Escalation of ~2.5% pa**
  - ❖ Contracted leases vary from 1 to 15 years with fixed rental escalations providing a low level of volatility in CIT's cashflow

## Organic Growth – Rental Escalations

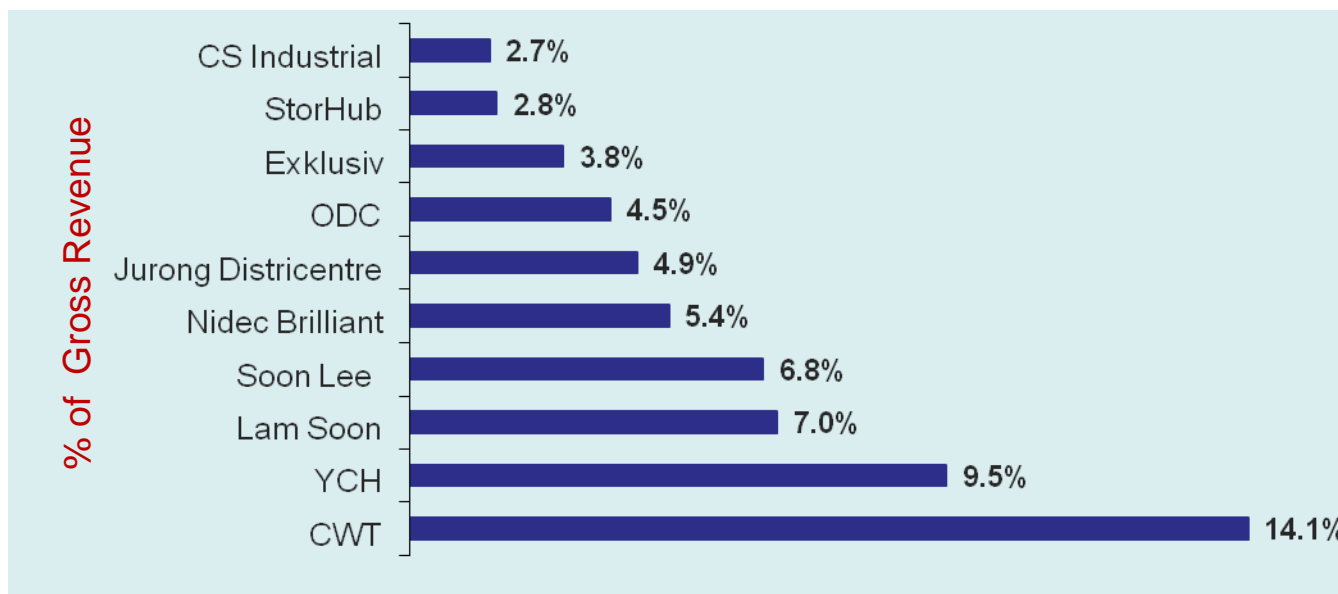


# Appendix: Resilient Portfolio

## ❖ Quality and Diversified Rental Income Base

- ❖ 42.9% of property portfolio from SGX listed companies or wholly/majority owned subsidiaries
- ❖ 51.2% of total portfolio rent supported by subtenants' rent which provides a second layer of income buffer
- ❖ Top 10 tenants account for 61.5% of total portfolio rent

### Top 10 Tenants as at 30 September 2009



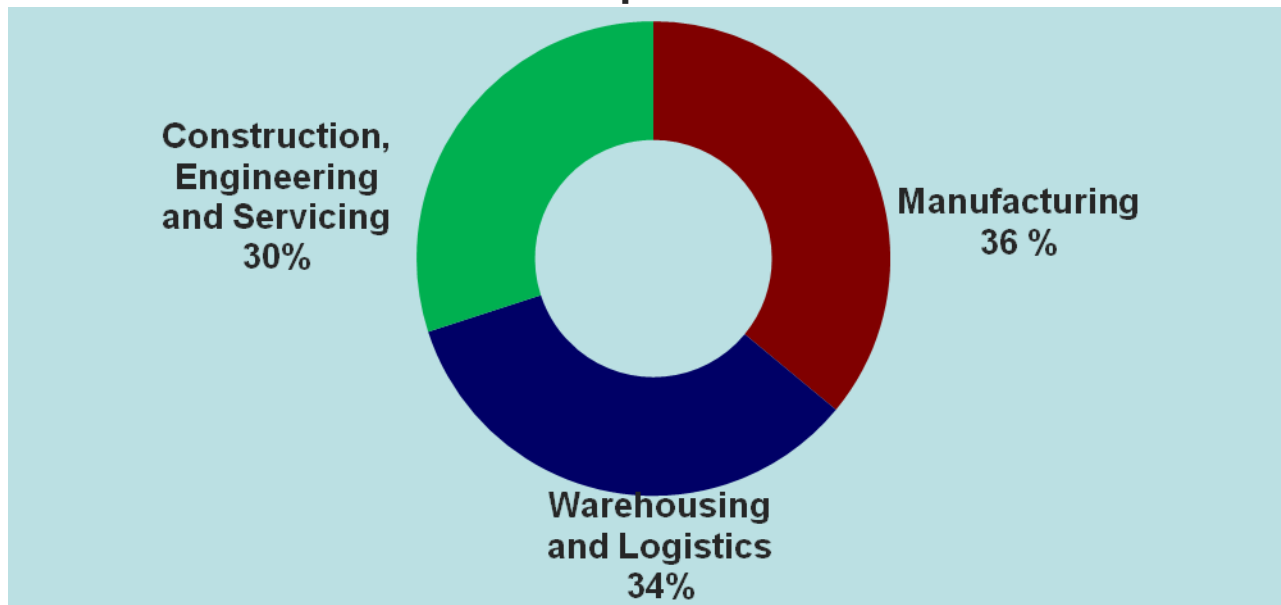
# Appendix: Diversified Portfolio Mitigates Income Risk



## ❖ Diversified Tenant Trade Mix

- ❖ Tenants are classified into 3 main tenant trade classes engaged in:  
1) Construction, Engineering and Servicing, 2) Warehousing and Logistics and 3) Manufacturing

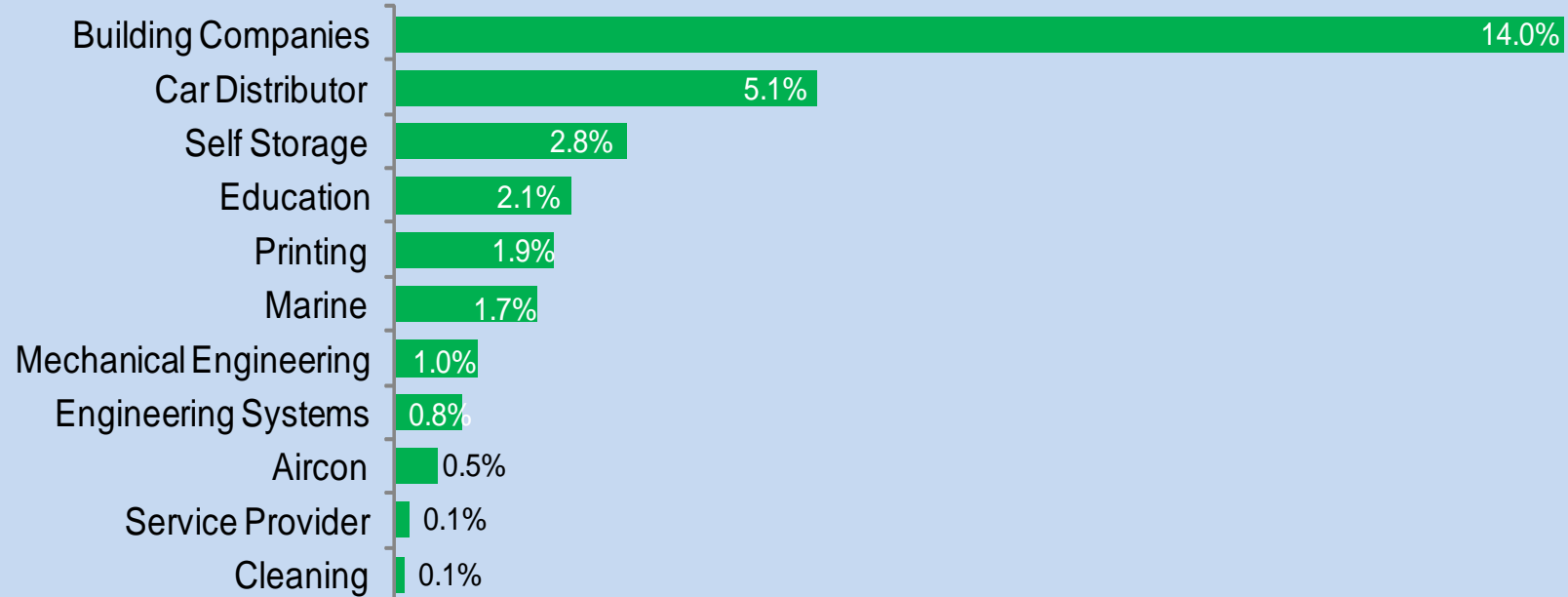
**Rental Income Contribution by Tenant Trade-Sector  
as at 30 September 2009**



# Appendix: Diversified Tenant Trade Sector



## Construction, Engineering and Servicing (Based on revenue as at 30 September 2009)





# Appendix: Diversified Tenant Trade Sector



## Warehousing and Logistics (Based on rental income as at 30 September 2009)

Warehousing and  
Transportation

28.6%

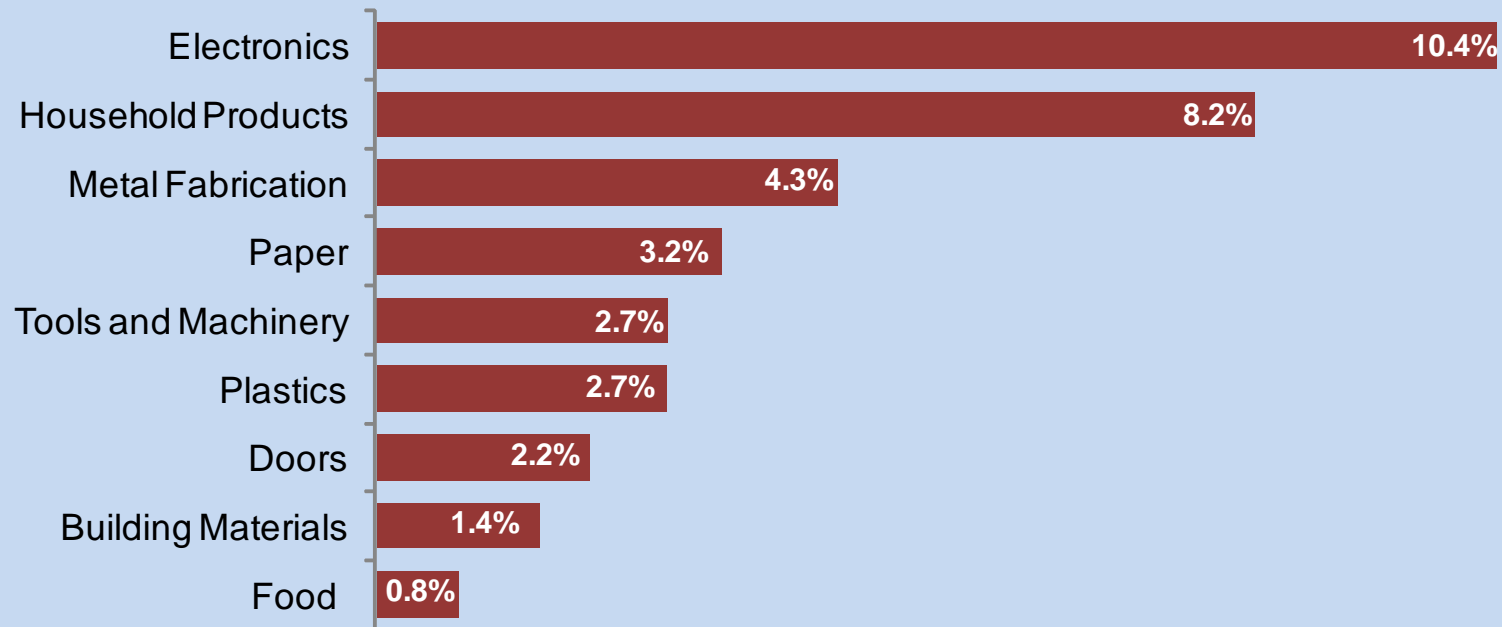
Warehousing

5.4%

# Appendix: Diversified Tenant Trade Sector



## Manufacturing (Based on rental income as at 30 September 2009)





**Thank You**

*2 Tuas South Avenue2 (CS Industrial Land)*

# Further Information

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Please contact:

**Mr Chris Calvert**

Chief Executive Officer

[chris.calvert@cambridgeitm.com](mailto:chris.calvert@cambridgeitm.com)

DID: (65) 6827 9330

**Ms Bridget Phua**

Investor & Public Relations Manager

[bridget.phua@cambridgeitm.com](mailto:bridget.phua@cambridgeitm.com)

**Cambridge Industrial Trust Management Limited**

61 Robinson Road, #12-01

Robinson Centre

Singapore 068893

Tel: (65) 6222 3339

Fax: (65) 6827 9339

[www.cambridgeindustrialtrust.com](http://www.cambridgeindustrialtrust.com)

