



## **PRESS RELEASE**

### **CIT outperforms annualised DPU forecast by 13%**

#### **Highlights:**

- 2Q2008 annualised distribution per unit (“DPU”) of 6.278 cents is 13.3% higher than the forecast of 5.542 cents
- Net Property Income of S\$15.9 million reflects a 6% increase over forecast of S\$15.0 million
- One investment property valued at S\$10.4 million was acquired during the quarter bringing total properties under management to S\$966.8 million as at 30 June 2008.
- Option Agreements with a total asset value of S\$62.8 million have been signed and announced to date.
- On 13 July 2008 CITM announced that CIT is in the process of becoming a Shariah-compliant REIT.

## Statement of total return

	2Q2008 (1 April to 30 June 2008)		
	Actual	Forecast <sup>(1)</sup>	Increase / (Decrease) %
Gross Revenue	S\$17.9 mil	S\$17.4 mil	+ 2.9%
Net Property Income (NPI)	S\$15.9 mil	S\$15.0 mil	+ 6.0%
Distributable Income	S\$12.4 mil	S\$11.0 mil	+ 12.7%
Distribution Per Unit (DPU)	1.561 cents <sup>(2)</sup>		
Annualised Distribution Per Unit	6.278 cents <sup>(3)</sup>	5.542 cents <sup>(4)</sup>	+ 13.3%
Annualised Distribution Yield:			
2007 Placement price (S\$0.70)	8.97%	7.92% <sup>(4)</sup>	
Current price (S\$0.670) <sup>(5)</sup>	9.37%	8.27%	

### Notes:

- (1) Forecast means prorated forecast figures derived from the Projection Year 2008 (from 1 Jan to 31 Dec 2008) based on the portfolio of 40 investment properties as disclosed in the Offer Information Statement ("OIS") dated 1 Oct 2007, for the quarter ended 30 Jun 2008.
- (2) Computation of the actual DPU of 1.561 cents is based on 796,405,934 applicable units (inclusive of 1,150,605 units to be issued for Manager's management fee) as at 30 June 2008.
- (3) Computation of the actual annualised DPU of 6.278 cents is based on the simple annualisation of the actual DPU of 1.561 cents for 2Q2008.
- (4) Forecast annualised DPU of 5.542 cents was based on the weighted average number of applicable units of 796,916,400 (based on the actual issue price of S\$0.70 per unit) as disclosed in the OIS dated 1 Oct 2007.
- (5) Computation based on closing price of S\$0.670 as at 30 Jun 2008.

*Singapore, 28 July 2008* – Cambridge Industrial Trust Management Ltd. (“CITM”), the Manager (“the Manager”) of Cambridge Industrial Trust (“CIT”), is pleased to announce a distribution of 1.561 cents per unit for the quarter 1 April 2008 to 30 June 2008.

Mr Ang Poh Seong, CEO of the Manager said “We are pleased to continue 2008 with a steady set of results for 2Q. Our DPU, Net Property Income and Distributable Income all exceeded our forecast with annualised DPU of 6.278 cents representing a 13.3% increase over the forecast DPU for the same period. Our occupancy rate remains at 100% and is expected to remain at this level for the rest of 2008. In addition, we hope to acquire our first overseas asset in the second half of 2008, subject to being able to raise equity on accretive terms”

“CIT’s major initiative in 2008 is to make the REIT Shariah Compliant. This uniquely positions CIT to access deep and growing pools of capital in the Middle East and South East Asia.”

### **Stable and Secure Yield**

CIT’s total net distributable income for the quarter was S\$12.4 million with an annualised DPU of 6.278 cents. This represents an annualised yield of 9.37% based on the closing price of S\$0.67 per unit on 30 June 2008. All the properties are signed with long leases ranging from 5 to 15 years, with fixed rental escalation. The weighted average remaining lease term of CIT’s existing portfolio of 43 properties remained stable at 6.4 years as at 30 June 2008.

### **Property Portfolio**

As at 30 June 2008, CIT has a portfolio of 43 properties with 656,281.1 sq m of lettable area valued at S\$966.8 million. The weighted average land lease on these properties is 40.0 years, excluding freehold property which comprises 5.4% of total lettable area. Approximately 34.8% of the portfolio of properties is in the logistics and warehousing

sector, with the next significant segment in the light industrial space accounting for 34.4%; the remaining properties are represented across a well-diversified spectrum of tenant uses such as car showrooms, self-storage facilities as well as industrial and warehousing.

### **Full Occupancy Backed by Strong Demand**

The occupancy of CIT's portfolio of 43 properties remained at 100% as at 30 June 2008. 34.8% of CIT's property portfolio is in the high-growth logistics and warehousing sector, and 34.4% is in the light industrial space for which demand remains strong. The Manager believes that the current rental pressure on prime office space in the Central Business District will have a spill over demand for light industrial space.

### **Acquisitions**

CIT has signed Option Agreements valued at S\$62.8 million as at 28 July 2008. Legal completions for the acquisition of these properties are expected to be in second quarter of 2008.

### **Capital Management**

CIT continues to place prudent capital management at the centre of its business strategy. CIT's gearing at 30 June 2008 was maintained at 36.9%. CIT's long term leverage target is 40 - 45%; the manager does not intend to pursue acquisitions which would take leverage above this target range without immediate visibility on further equity.

CIT currently has S\$121 million in committed loan facilities available to fund property acquisitions, including S\$68 million remaining of a S\$100 million, 2 year revolving credit facility executed in January 2008. While equity markets remain depressed, CIT intends to moderate its pace of growth and pursue acquisitions on a highly selective basis.

At present, CIT has S\$369.3 million of interest-bearing loans. The Hongkong and Shanghai Banking Corporation Limited ("HSBC") has been mandated to arrange a

Shariah-compliant financing solution for CIT to refinance its existing interest-bearing loans. The refinancing solution will target a tenor of three to five years and is expected to be completed during 3Q 2008.

CIT executed an interest rate swap on 1 February, 2008, fixing its base interest rate on its entire outstanding debt at that date of S\$359 million at 2.58% until 25 July 2013. Singapore Dollar interest rates have risen substantially since that date, supporting CIT's hedging strategy. The surplus from mark-to-market valuation of CIT's swap is S\$20.0 million as at 30 June 2008.

### **Outlook**

Uncertainties in global financial markets and economic outlook together with mounting pressures on domestic inflation have affected the growth momentum of the Singapore economy in 2Q2008. The Advance Estimates released by the Ministry of Trade and Industry ("MTI") on 10 July 2008 showed that GDP expanded by 1.9% on a year-on-year basis in the second quarter<sup>(1)</sup>. Growth in GDP is further manifested in the June 2008's manufacturing output which rose 4.5% over the previous month<sup>(2)</sup>.

On 9 July 2008, Minister For Finance Mr Tharman Shanmugaratnam stated that although a fair bit of volatility is expected in the monthly and quarterly GDP numbers, MTI continues to expect GDP growth to average 4.0-6.0% for 2008<sup>(3)</sup>.

The latest URA real estate statistics for 2Q2008<sup>(4)</sup> show that prices of all industrial space rose by 4.1% while rental rates increased by 2.3% in 2Q 2008, compared to the previous quarter. As at the end of 2Q 2008, the occupancy rate for factory space increased by 0.7% to 92.9%.

Colliers' market report for 2Q2008<sup>(5)</sup> highlighted that soaring rents of hi-spec space due to spillover demand from the office sector is beginning to prompt some tenants to seek

cheaper alternatives by moving out to light industrial space. As highlighted by Colliers, demand for industrial space should stay firm for the rest of 2008.

The general outlook for the industrial sector is expected to remain stable but cautious. The Manager of CIT remains committed to pursue its current strategy of prudent capital management and to act cautiously in pursuing quality and yield accretive investments.

Notes:

- (1) Ministry of Trade and Industry, "Advance GDP Estimates for Second Quarter 2008", 10 July 2008
- (2) Economic Development Board, "Monthly Manufacturing Performance – June 2008", 25 July 2008
- (3) Singapore Government Media Release, "Speech by Mr Tharman Shanmugaratnam Minister For Finance at Singapore Industrial and Services Employees' Union Quadrennial Delegates Conference", 9 July 2008
- (4) Urban Redevelopment Authority, "Release of 2nd quarter 2008 real estate statistics", 25 July 2008
- (5) Colliers International, "Singapore Property Market Overview 2Q 2008" July 2008

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### **Important Notice**

The value of units in CIT ("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 RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of CIT), or any of their respective 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 that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units ("Unitholders") may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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