

---

## **ASSET ENHANCEMENT INITIATIVE AT 3 PIONEER SECTOR 3 SINGAPORE DEVELOPMENT OF A NEW RAMP-UP WAREHOUSE**

---

### **1. INTRODUCTION**

Cambridge Industrial Trust Management Limited, as manager of Cambridge Industrial Trust (“**CIT**” or the “**Manager**”), is pleased to announce that RBC Investor Services Trust Singapore Limited, in its capacity as trustee of CIT (the “**Trustee**”) has on 10 May 2013 entered into a conditional transaction agreement (the “**Transaction Agreement**”) with, among other parties, CWT Limited (“**CWT**”) a company listed on the Main Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), relating to the design and construction (the “**Development**”) of a new four storey ramp up warehouse facility (estimated to have a gross floor area of approximately 315,411 square feet (subject to survey)) (the “**Ramp-Up Warehouse**”), at part of the property at 3 Pioneer Sector 3 Singapore 628342 (the “**Property**”). The Development is initiated by the Manager as part of CIT’s asset enhancement strategy.

Under the Transaction Agreement, subject to the conditions thereunder being fulfilled or waived, various agreements will be concluded for the design and construction of the Ramp-Up Warehouse, which will be leased to CWT upon completion. The Manager understands that CWT is in the business of providing warehousing and logistic services and engineering services.

### **2. THE PROPERTY**

The Property currently comprises an industrial distribution facility, incorporating an existing three-level warehouse building, in addition to a substantial hardstand area for container storage with a total gross floor area of approximately 412,818 square feet on a land area of approximately 511,836 square feet. The Property is located within the Jurong Industrial Estate, approximately 25 km from the city centre at Raffles Place. It is well-served by major arterial roads/expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and the Pan-Island Expressway.

#### **2.1. DEVELOPMENT OF THE RAMP-UP WAREHOUSE**

The Ramp-Up Warehouse is expected to be completed by December 2014, within 15 months of the commencement of the design and construction works. When completed, the total gross floor area for the Property (comprising the existing warehouse and the Ramp-Up Warehouse) will be approximately 716,571 square feet (subject to survey).

Based on the estimated total development cost of S\$45.4 million, the Year 1 rental under the agreement for lease between CIT and CWT (as described in paragraph 4.1.2 below) reflects a yield on cost of approximately 9.20%.

## 2.2 REPOSITIONING OF THE EXISTING PROPERTY

In order to facilitate the Development, the Trustee will terminate the current lease agreement with Jurong Districentre Pte Ltd (“**JDPL**”) as master tenant in respect of the Property and enter into direct leases with the existing sub-tenants of the Property, and lease the remaining space to return the Property to full occupancy. As at the date of this announcement, the existing warehouse is 100% occupied.

## 3. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Manager believes that the Proposed Transactions (as defined below) will bring the following key benefits to Unitholders:

### (i) Growing the Portfolio and Maximising GFA

The Development of the Property allows the Manager to unlock value for CIT by materially increasing gross floor area of the Property by approximately 303,753 square feet and thus maximise the plot ratio from its existing 0.81 to 1.40.

This initiative also provides an opportunity to upgrade and modernise the Property, with the leasing and investment market currently experiencing a strong preference for modern ramp up logistic warehouse accommodation. The Manager understands that the tenant for the proposed development, CWT, is a leading solutions provider of integrated logistics and supply chain management with 40 years of logistic heritage.

This is consistent with the Manager's policy to continuously grow organically within the portfolio by implementing strategic asset enhancement initiatives.

### (ii) Pro Forma DPU Impact

Assuming that CIT had (i) completed the Proposed Transactions on 1 January 2012, (ii) incurred additional borrowings of S\$45.4 million on 1 January 2012 to finance the Development and (iii) held and operated the Ramp-Up Warehouse for the whole of the financial year ended 31 December 2012, the pro forma DPU impact is approximately +0.204<sup>1</sup> cents per annum.

## 4. DEFINITIVE AGREEMENTS

Pursuant to the Transaction Agreement, the parties have respectively undertaken to enter into definitive agreements (the “**Definitive Agreements**”) within the seven-day period commencing on the date on which all the conditions as set out in the Transaction Agreement are satisfied or waived relating to the following transactions (the “**Proposed Transactions**”):

---

<sup>1</sup> The pro forma DPU impact included in this announcement is strictly for illustration purposes only and was prepared based on the audited financial statements of CIT for the financial year ended 31 December 2012 and adjusted for the effects of the Proposed Transactions and the additional borrowings.

- (i) the design and construction of the Ramp-Up Warehouse (the “**Proposed Design and Construction**”); and
- (ii) the lease of the Ramp-Up Warehouse by the Trustee to CWT upon the completion of the Ramp-Up Warehouse (the “**Proposed Lease(s)**”).

It is further intended that each of the Definitive Agreements when entered into will be inter-related and the completion of the Proposed Transactions is conditional upon the other Definitive Agreements being in full force and effect and not having been terminated.

#### **4.1 SALIENT TERMS OF THE DEFINITIVE AGREEMENTS**

##### **4.1.1 Design and Construction Agreement**

A design and construction agreement shall be entered into between the Trustee and the contractor, who will be responsible for the design and construction of the Ramp-Up Warehouse.

The construction work of the Ramp-Up Warehouse shall be carried out within 15 months of the commencement of the design and construction works. The development of the Ramp-Up Warehouse is targeted for completion by December 2014.

##### **4.1.2 Agreement for Lease**

The agreement for lease to be entered into between the Trustee and CWT (pursuant to which CIT shall lease the Ramp-Up Warehouse to CWT) shall be for a lease tenure of three years.

#### **4.2 CONDITIONS PRECEDENT**

The entry into the Definitive Agreements is conditional upon, *inter alia*:

- (i) the relevant corporate and regulatory approvals being obtained for the Proposed Transactions;
- (ii) the requisite debt and/or equity financing for the Proposed Design and Construction being obtained by the Trustee;
- (iii) the termination of the lease dated 25 July 2006 made between the Trustee as landlord and JDPL as tenant in respect of the Property as soon as practical upon the execution of the Definitive Agreements; and
- (iv) the approval of the mortgagee of the Property of the Proposed Design and Construction and the Proposed Lease(s) being obtained on terms acceptable to the Trustee.

As of the date of this announcement, the Trustee and CWT have three months to fulfil each of these conditions prior to the execution of the Definitive Agreements.

## **5. METHOD OF FINANCING**

CIT has in place a S\$50 million revolving credit facility (“**RCF**”) from existing lenders to fully fund the total development cost. Assuming that CIT had on 31 March 2013 completed the Development of the Property and drawn S\$45.4 million on the RCF to finance the Development, the aggregate leverage of CIT would have increased from 35.3% to 37.5%.

## **BY ORDER OF THE BOARD**

Cambridge Industrial Trust Management Limited  
(Company Registration No. 200512804G, Capital Markets Services Licence No. 100132-2)  
As Manager of Cambridge Industrial Trust

Christopher Calvert  
Chief Executive Officer and Executive Director

13 May 2013

**For further enquiries, please contact:**

Cambridge Industrial Trust Management Limited  
Ms Caroline Fong  
Head of Investor Relations and Corporate Communications  
(65) 6222 3339  
[caroline.fong@cambridgeITM.com](mailto:caroline.fong@cambridgeITM.com)

**About Cambridge Industrial Trust**

*Cambridge Industrial Trust ("CIT"), publicly listed on the Singapore Exchange Securities Trading Limited on 25 July 2006, is Singapore's first independent industrial real estate investment trust ("REIT").*

*CIT invests in quality income-producing industrial properties and has a diversified portfolio of 51 properties located across Singapore, with a total gross floor area of approximately 8.0 million sq ft and a property value of S\$1.2 billion as at 31 March 2013. They range from logistics and warehousing properties to light industrial properties, which are located close to major transportation hubs and key industrial zones island-wide.*

*The Manager's objective is to provide Unitholders with a stable and secure income stream through the successful implementation of the following strategies:*

- *Pro-active asset management;*
- *Acquisition of value-enhancing properties;*
- *Divestment of non-core properties; and*
- *Prudent capital and risk management.*

*Cambridge Industrial Trust Management Limited, the Manager of CIT, is indirectly owned by three strategic sponsors, namely, National Australia Bank Group ("NAB") (56%), Oxley Group (24%) and Mitsui & Co., Ltd ("Mitsui") (20%):*

- *NAB, one of Australia's four largest banks, is an international financial services group that provides a comprehensive and integrated range of financial products and services;*
- *Oxley Group is an innovative private investment house specialising in real estate and private equity investments across Asia-Pacific; and*
- *Mitsui is one of the largest corporate conglomerates in Japan and listed on the Tokyo Stock Exchange. It is also one of the largest publicly traded companies in the world. Mitsui also developed the Japan Logistics Fund Inc., a publicly listed REIT in Japan dedicated to investing in distribution facilities.*

*For further information on CIT, please visit <http://www.cambridgeindustrialtrust.com/>*

## Important Notice

The value of units in CIT ("**Units**") and the income derived from them may fall as well as rise. Units are not investments or deposits in or liabilities or obligations of Cambridge Industrial Trust Management Limited ("**Manager**"), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) ("**Trustee**"), or any of their respective related corporations and affiliates (including but not limited to National Australia Bank Limited, nabInvest Capital Partners Pty Ltd, or other members of the National Australia Bank group) and their affiliates (individually and collectively "**Affiliates**"). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither CIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of CIT, any particular rate of return from investing in CIT, or any taxation consequences of an investment in CIT. Any indication of CIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors 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.

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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future CIT business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This release is for informational purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this release is not to be construed as investment or financial advice, and does not constitute an offer or an invitation to invest in CIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.