
FINANCIAL STATEMENT ANNOUNCEMENT FOR THE QUARTER ENDED 31 MARCH 2017

The Directors of Cambridge Industrial Trust Management Limited (“CITM”), as manager (“Manager”) of Cambridge Industrial Trust (“CIT”) are pleased to announce the unaudited results of the Group and CIT for the first quarter ended 31 March 2017.

CIT is a Singapore-based real estate investment trust constituted by the Trust Deed entered into on 31 March 2006 between CITM as the Manager of CIT and RBC Investor Services Singapore Limited as the Trustee of CIT, as amended and restated. CIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 July 2006.

CIT’s distribution policy is to distribute at least 90% of its annual distributable income, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager’s discretion.

As at 31 March 2017, CIT and its subsidiaries (the “Group”) have a diversified portfolio of 49 properties located across Singapore with a diversified tenant base of around 213 tenants across the following business sectors: logistics, warehousing, light industrial, general industrial properties, car showroom and workshop, and business park. The portfolio has a carrying value of approximately S\$1.35 billion and a total gross floor area of approximately 8.4 million square feet.

The Group’s results include the consolidation of its wholly-owned subsidiaries, Cambridge-MTN Pte. Ltd. (“Cambridge MTN”), Cambridge SPV1 LLP (“Cambridge LLP”) and Cambridge SPV2 Pte. Ltd. (“Cambridge SPV2”). The commentaries below are based on Group results unless otherwise stated.

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Summary of Group's Results

	1Q2017 S\$'000	1Q2016 S\$'000	Inc/ (Dec) %
Gross revenue	27,737	28,365	(2.2)
Net property income	19,692	21,492	(8.4)
Amount available for distribution	13,105	14,512	(9.7)
Distribution per unit ("DPU") (cents)	1.004	1.112	(9.7)
Annual Distribution Yield (%)^(a)	6.92	7.67	(9.7)

Note:

(a) Annual Distribution Yield is computed based on the closing price of S\$0.58 as at 31 March 2017, being the last trading day of the quarter.

Distribution and Book Closure Date Details

Distribution period	1 January 2017 to 31 March 2017
Distribution rate	1.004 cents per unit
Books closure date	4 May 2017
Payment date	31 May 2017

The Manager has determined that the distribution reinvestment plan ("DRP") **will not apply** to the distribution for the period from 1 January 2017 to 31 March 2017.

1(a) Income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return

Note	Group			Trust		
	1Q2017 S\$'000	1Q2016 S\$'000	Inc/ (Dec) %	1Q2017 S\$'000	1Q2016 S\$'000	Inc/ (Dec) %
Gross revenue	27,737	28,365	(2.2)	27,080	27,713	(2.3)
Property manager's fees	(1,431)	(1,295)	10.5	(1,413)	(1,278)	10.6
Property tax	(1,861)	(1,642)	13.3	(1,861)	(1,642)	13.3
Land rental	(2,226)	(2,046)	8.8	(2,226)	(2,046)	8.8
Other property expenses	(2,527)	(1,890)	33.7	(2,526)	(1,884)	34.1
Property expenses	(8,045)	(6,873)	17.1	(8,026)	(6,850)	17.2
Net property income	19,692	21,492	(8.4)	19,054	20,863	(8.7)
Management fees	(1,669)	(1,766)	(5.5)	(1,669)	(1,766)	(5.5)
Trust expenses	(382)	(466)	(18.0)	(374)	(453)	(17.4)
Interest income	11	5	120.0	11	5	120.0
Borrowing costs	(5,011)	(5,051)	(0.8)	(5,011)	(5,051)	(0.8)
Non-property expenses	(7,051)	(7,278)	(3.1)	(7,043)	(7,265)	(3.1)
Net income before distribution income from subsidiary	12,641	14,214	(11.1)	12,011	13,598	(11.7)
Distribution income from subsidiary	-	-	-	440	430	2.3
Net income after distribution income from subsidiary	12,641	14,214	(11.1)	12,451	14,028	(11.2)
Change in fair value of financial derivatives	-	(428)	(100.0)	-	(428)	(100.0)
Total return for the period before income tax and distribution	12,641	13,786	(8.3)	12,451	13,600	(8.4)
Less: Income tax expense*	-	-	-	-	-	-
Total return for the period after income tax before distribution	12,641	13,786	(8.3)	12,451	13,600	(8.4)

*Amounts less than S\$1,000

Distribution Statement

	Group			Trust			
	Note	1Q2017 S\$'000	1Q2016 S\$'000	Inc/ (Dec) %	1Q2017 S\$'000	1Q2016 S\$'000	Inc/ (Dec) %
Total return for the period after income tax before distribution		12,641	13,786	(8.3)	12,451	13,600	(8.4)
Net effect of non-taxable items	(f)	464	726	(36.1)	654	912	(28.3)
Net income available for distribution for the period		13,105	14,512	(9.7)	13,105	14,512	(9.7)
Distribution per unit (cents):							
For the period	(g)	1.004	1.112	(9.7)	1.004	1.112	(9.7)
Annualised		4.016	4.448	(9.7)	4.016	4.448	(9.7)

n.m. – Not meaningful

Notes:

- (a) The net property income in 1Q2017 decreased by 8.4% to S\$19.7 million, mainly due to full quarter effect of property conversions and divestments since 1Q2016 resulting in:
- loss of revenue during the transition phase of the properties moving from single-tenanted to multi-tenanted;
 - increase in property operating expenses (property tax, land rental, maintenance costs and other property expenses), as a result of the above conversions; and
 - property divestments in FY2016.
- (b) The Manager has elected to receive its management fee wholly in cash for 1Q2017. Management fee decreased due to lower assets under management, a result of property divestment proceeds being used to repay borrowings.
- (c) Trust expenses comprised statutory expense, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses for 1Q2017 were lower mainly due to lower statutory and consultancy fees than 1Q2016.

- (d) Interest income in 1Q2017 was higher as average cash balance during the quarter was higher.
- (e) Borrowing costs, which comprised loan interest expense and amortised loan transaction costs of establishing debt facilities, were lower in 1Q2017 due to lower borrowings.

Please refer to 1(b)(ii) for more details on borrowings.

- (f) Non-taxable items (distribution adjustments)

	Group		Trust	
	1Q2017 S\$'000	1Q2016 S\$'000	1Q2017 S\$'000	1Q2016 S\$'000
<u>Non-tax deductible items and other adjustments:</u>				
Trustee's fees	91	95	91	95
Transaction costs relating to debt facilities	398	405	398	405
Change in fair value of financial derivatives	-	428	-	428
Professional fees	36	35	36	35
Straight line rent and lease incentives	(206)	(457)	(16)	(265)
Miscellaneous expenses	145	220	145	214
Net effect of non-taxable items	464	726	654	912

- (g) The total distributable amount of S\$13.1 million, based on 1,304.4 million units which were entitled to the distribution for the quarter, translates to a DPU of 1.004 cents for 1Q2017 which is 9.7% below the DPU in 1Q2016.

1(b)(i) Statement of Financial Position, together with comparatives as at the end of the immediately preceding financial year

Note	Group		Trust	
	31-03-17 S\$'000	31-12-16 S\$'000	31-03-17 S\$'000	31-12-16 S\$'000
Assets				
Non-current assets				
Investment properties	(a) 1,333,872	1,332,000	1,293,872	1,292,000
Investment in subsidiaries	(b) -	-	25,206	25,206
	1,333,872	1,332,000	1,319,078	1,317,206
Current assets				
Investment property held for divestment	(a) 22,000	22,000	22,000	22,000
Trade and other receivables	9,338	9,278	9,306	9,867
Cash and cash equivalents	4,489	3,699	3,729	2,517
	35,827	34,977	35,035	34,384
Total assets	1,369,699	1,366,977	1,354,113	1,351,590
Liabilities				
Current liabilities				
Trade and other payables	(c) 19,057	21,464	18,968	21,384
	19,057	21,464	18,968	21,384
Non-current liabilities				
Trade and other payables	(c) 9,136	8,894	8,906	8,664
Interest-bearing borrowings	(d) 514,828	509,590	514,828	509,590
	523,964	518,484	523,734	518,254
Total liabilities	543,021	539,948	542,702	539,638
Net assets	826,678	827,029	811,411	811,952
Represented by:				
Unitholders' funds	826,678	827,029	811,411	811,952

Notes:

- (a) The total carrying value of investment properties was S\$1,355.9 million as at 31 March 2017. The net increase was mainly attributable to capital expenditure and asset enhancement initiatives of S\$1.9 million during the quarter.

As at 31 March 2016, an investment property was classified as investment property held for divestment. This classification is required by *FRS 105 – Non-current Assets held for Sale and Discontinued Operations* as the divestment is planned within the next 12 months from the reporting date.

- (b) At the Trust level, the cost of investment in wholly-owned subsidiaries comprises, Cambridge LLP, Cambridge MTN and Cambridge SPV2, which is eliminated at the consolidated level.

- (c) Trade and other payables decreased by S\$2.2 million mainly due to the payment of fees and capex.

Trade and other payables included security deposits of S\$3.5 million (current) (2016: S\$3.8 million) and S\$9.1 million (non-current) (2016: S\$8.9 million).

- (d) Borrowings are stated net of unamortised transaction costs. The increase in the interest-bearing borrowings as at 31/3/2017 is resulted from net drawdown of S\$5.0 million from the revolving credit facility to fund capital expenditure over the quarter.

1(b)(ii) Aggregate amount of borrowings

Note	Group and Trust	
	31-03-17 S\$'000	31-12-16 S\$'000
Unsecured borrowings		
Amount payable after one year	517,500	512,500
Less: Unamortised loan transaction costs	(2,672)	(2,910)
Total unsecured borrowings	514,828	509,590
Total borrowings	514,828	509,590

Details of borrowings and collateral:

(a) Unsecured borrowings

The unsecured borrowings of the Group comprise:

- (i) the following notes issued under its S\$750 million Multicurrency Debt Issuance Programme:
- S\$30 million six-year Singapore Dollar MTN in series 002 (the "Series 002 Notes") issued in April 2014 and maturing in April 2020. The Series 002 Notes have a fixed interest rate of 4.10% per annum payable semi-annually in arrears;
 - S\$155 million four-year Singapore Dollar MTN in series 003 comprising Tranche 1 S\$100 million Notes issued in November 2014 and Tranche 2 S\$55 million Notes issued in January 2015 respectively. These notes tranches, which were issued and consolidated to form a single series (the "Series 003 Notes"), have a fixed interest rate of 3.50% per annum payable semi-annually in arrears and mature in November 2018;
 - S\$130 million five-year Singapore Dollar MTN in series 004 (the "Series 004 Notes") issued in May 2015 and maturing in May 2020. The Series 004 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears; and
 - S\$50 million seven-year Singapore Dollar MTN in series 005 (the "Series 005 Notes") issued in May 2016 and maturing in May 2023. The Series 005 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears.

(ii) 4-year unsecured loan facility maturing in June 2019 (“TLF1”) consisting of:

- Facility A: S\$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from the date of loan drawn down; and
- Facility B: S\$50 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$109.0 million was drawn down on the TLF1 as at 31/3/2017.

(iii) 4.75-year unsecured loan facility maturing in June 2021 (“TLF2”) consisting of:

- Facility A: S\$25 million term loan facility at an interest rate of margin plus swap offer rate, for 4.75 years from the date of loan drawn down; and
- Facility B: S\$75 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$43.5 million was drawn down on the TLF2 as at 31/3/2017.

(c) Unencumbered investment properties

As at 31/3/2017, the Group has 49 unencumbered investment properties with a combined carrying value of approximately S\$1.36 billion, representing 100% of the investment properties by value.

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1 (c) Statement of Cash Flows

	Group	
	1Q2017 S\$'000	1Q2016 S\$'000
Cash flows from operating activities		
Total return for the period before income tax and distribution	12,641	13,786
Adjustments for:		
Interest income	(11)	(5)
Borrowing costs	5,011	5,051
Change in fair value of financial derivatives	-	428
Operating income before working capital changes	17,641	19,260
Changes in working capital		
Trade and other receivables	(52)	(730)
Trade and other payables	(2,514)	(4,838)
Net cash generated from operating activities	15,075	13,692
Cash flows from investing activities		
Capital expenditure on investment properties	(4,966)	(2,298)
Interest received	11	5
Net cash used in investing activities	(4,955)	(2,293)
Cash flows from financing activities		
Equity issue costs paid	-	(145)
Proceeds from borrowings	(a) 9,000	10,000
Borrowing costs paid	(1,338)	(1,786)
Repayment of borrowings	(a) (4,000)	(6,000)
Distributions paid to Unitholders	(12,992)	(11,494)
Net cash used in financing activities	(9,330)	(9,425)
Net increase in cash and cash equivalents	790	1,974
Cash and cash equivalents at beginning of the period	3,699	2,656
Cash and cash equivalents at end of the period	4,489	4,630

Note:

(a) Proceeds from borrowings

Net amount of S\$5.0 million was drawn down from the revolving credit facility in February 2017 to fund capital expenditure.

1(d)(i) Statement of Movements in Unitholders' funds

	Group		Trust	
	1Q2017 S\$'000	1Q2016 S\$'000	1Q2017 S\$'000	1Q2016 S\$'000
Balance at beginning of period	827,029	872,911	811,952	859,503
Operations				
Total return for the period after income tax before distribution	12,641	13,786	12,451	13,600
Net increase in net assets resulting from operations	12,641	13,786	12,451	13,600
Unitholders' transactions				
Issuance of units pursuant to:				
- Distribution Reinvestment Plan	-	3,288	-	3,288
Equity costs pursuant to:				
- Distribution Reinvestment Plan	-	(33)	-	(33)
Distributions to Unitholders	(12,992)	(14,782)	(12,992)	(14,782)
Net decrease in net assets resulting from Unitholders' transactions	(12,992)	(11,527)	(12,992)	(11,527)
Balance at end of the period	826,678	875,170	811,411	861,576

1(d)(ii) Details of any changes in the units

	Trust	
	1Q2017 Units	1Q2016 Units
Issued units at the beginning of period	1,304,434,416	1,297,775,187
Issue of new units pursuant to:		
- Distribution Reinvestment Plan	-	6,659,229
Total issued units at the end of the period	1,304,434,416	1,304,434,416

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

The total number of issued units, excluding treasury units, as at the end of the current and the preceding financial periods are disclosed in 1(d)(ii). There were no treasury units acquired since the date of listing of CIT on 25 July 2006.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period

	Note	Group	
		1Q2017	1Q2016
EPU			
Total return after income tax before distribution for the period (S\$'000)		12,641	13,786
Weighted average number of units ('000)		1,304,434	1,300,117
Basic and diluted EPU (cents)	(a)	0.969	1.060
DPU			
Total amount available for distribution for the period (S\$'000)		13,105	14,512
Applicable number of units for calculation of DPU ('000)		1,304,434	1,304,434
DPU (cents)	(b)	1.004	1.112

Note:

- (a) The basic EPU was calculated using total return after income tax before distribution for the period and the weighted average number of units in issue during the period.

The basic and diluted EPU were the same as there were no dilutive instruments in issue during the period.

- (b) DPU was calculated using the total amount available for distribution and the number of units entitled to distribution during the period.

7 Net asset value (“NAV”) per unit based on units issued at the end of the period

	Note	Group		Trust	
		31-03-17	31-12-16	31-03-17	31-12-16
NAV (cents)	(a)	63.4	63.4	62.2	62.3

Note:

- (a) NAV per unit was calculated based on the number of units issued and issuable as at the end of the respective periods.

8 Review of the performance

The review of the performance is found in Section 1(a) – Statement of Total Return and Distribution Statement and Section 1(b)(i) – Statement of Financial Position.

9 Review of the performance against Forecast/Prospect Statement

The Group has not disclosed any forecast to the market.

10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

(a) Significant trends and competitive conditions

Based on Press Release on 17 February 2017 by the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 2.0% on in 2016. For 2017, MTI has maintained the GDP growth forecast at “1.0 to 3.0 per cent”.

Singapore’s Purchasing Managers’ Index (“PMI”) for March 2017 posted a reading of 51.2, up slightly from the 50.9 reading from the preceding month. This is the 7th consecutive month of expansion and the improvement can be largely attributed to a faster rate of increase in inventory holding, new export, new orders, higher factory output and employment. The above readings indicated that the local manufacturing sector has sustained gradual growth in spite of the uncertainties in the global economy.

Although macro-economic data appears more favourable and there seems to be an indication of stabilisation in the manufacturing sector, Colliers Research noted that industrialists are expected to remain conservative in their space requirements. New supply of industrial space (20 million square feet of new industrial space completions in 2016) continues to be significantly higher as compared to the annual average new supply of 14.7 million square feet (from 2011 to 2015), and may continue to put downward pressure on rentals.

Measured by total rental revenue, approximately 17.7% of CIT’s leases are due for renewal in FY2017, of which only 3.3% (3 properties) of revenue is from single-tenanted buildings while 14.4% is from multi-tenanted buildings.

This signals a positive shift in focus for the Manager as compared to the past few years where there was a higher proportion of single-tenanted buildings expiring. Out of the three single-tenanted buildings due for expiry in the second half of FY2017, the Manager currently expects to renew or enter into new leases for two properties and to divest the other.

The Manager expects the leasing market to remain increasingly competitive and for our portfolio performance to be impacted by the prevailing downward pressure on rents and uncertain economic conditions in the short to medium term. Nevertheless, the Manager will continue to focus on improving asset quality and increasing the occupancy rate in the current challenging leasing market.

(b) Corporate Developments

In the beginning of FY2017 CIT welcomed Mr. Ooi Eng Peng, an existing member of the Board of CITM as its new Chairman of the Board, following the retirement of the previous Chairman Dr Chua Yong Hai. Also in 1Q2017, a number of new non-executive Directors were appointed due to succession planning and changes to the shareholders of the Manager, as follows:

- Mr. Erle William Spratt (Independent Non-Executive Director of CITM and a member of the Audit, Risk Management and Compliance Committee);
- Mr. Jeffrey David Perlman (Non-Executive Director of CITM);
- Mr. Shen Jinchu (Non-Executive Director of CITM); and
- Mr. Philip John Pearce (Independent Non-Executive Director of CITM)

The Board now consists of four independent (including an independent Chairman), three non-independent and one executive directors, in line with the latest corporate governance requirements.

On 18 January 2017, e-Shang Redwood (“ESR”), acquired an aggregate indirect 80% stake in CITM from National Australia Bank and Oxley Global, effectively becoming CITM’s new majority shareholder. On 7 February 2017 ESR also completed the acquisition of approximately 10.65% of outstanding CIT Units and continued to add to its stake since, becoming CIT’s second largest Unitholder with 12.01%. ESR is well-aligned with the interests of CIT’s Unitholders and management. The process to rename CIT to ESR REIT to solidify new positioning and direction is currently underway (subject to relevant approvals).

On 24 March 2017, Mr. Adrian Chui was appointed CEO and Executive Director of CITM. Mr Chui joins the Manager from Standard Chartered Bank, bringing with him extensive experience in the regional real estate, REITs, equity and debt capital markets in both banking and the corporate sector. He most recently ran both the South East Asia real estate advisory and the Singapore real estate corporate banking divisions at Standard Chartered.

11 Distributions

(a) Current financial period

Any distributions declared for
the current financial period: Yes

Name of distribution: **Forty-fifth** distribution for the period from 1 January 2017 to 31
March 2017

Distribution Type: Taxable income

Distribution Rate: 1.004 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution
The distribution is made out of CIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

Books closure date: 4 May 2017

Date payable: 31 May 2017

The Manager has determined that the DRP **will not apply** to the distribution for the period from 1 January 2017 to 31 March 2017.

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **Forty-first** distribution for the period from 1 January 2016 to 31 March 2016

Distribution Type: Taxable income

Distribution Rate: 1.112 cents per unit

Par value of units: Not meaningful

Tax Rate:

Taxable income distribution

The distribution is made out of CIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

12 If no distribution has been declared/ (recommended), a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs , the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any IPT mandate from the Unitholders.

14 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

15 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board
Cambridge Industrial Trust Management Limited
(as Manager of Cambridge Industrial Trust)
Company Registration No. 200512804G, Capital Markets Services Licence No. 100132-5

Adrian Chui
Chief Executive Officer
25 April 2017