



(Constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

## **SGX Release**

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### **CIT's portfolio revalues upwards, acquires new assets, and reduces gearing**

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### **Cambridge Industrial Trust ("CIT") announces its unaudited fourth quarter and full year financial results ended 31 December 2010.**

#### **Key highlights include:**

- Portfolio valuation as at 31 December 2010 was S\$928.5 million, an increase of 5.7% from the 30 June 2010 valuation, on a like-for-like basis.
- Three new acquisitions costing S\$74.3 million (including acquisition costs), were completed and part financed by a S\$40.0 million Private Placement in August 2010 and a S\$50.4 million Private Placement/Preferential Offering in October 2010.
- Gearing reduced to 34.7% as at 31 December 2010 from 42.6% as at 31 December 2009.
- 4Q2010 distributable income increased by 11.2% to S\$12.0 million as compared to 3Q2010 distributable income of S\$10.8 million, which translated to a distribution per unit ("DPU") of 1.193 cents, which is 0.5% more than the 3Q2010 DPU of 1.187 cents.

**Singapore, 10 February 2011** - Cambridge Industrial Trust Management Limited ("CITM"), the Manager ("Manager") of CIT, announced that CIT registered gross revenue of S\$74.2 million and a net property income ("NPI") of S\$65.1 million for its financial year ended 31 December 2010 ("FY2010").

"It has been a very active year for CIT in 2010. The Trust commenced its acquisition program designed to enhance and improve the quality of CIT's portfolio. The Trust completed the acquisition of three new properties, several asset enhancement initiatives and lease extensions. As at 31 December 2010, CIT's total assets have increased to S\$1.0 billion".

The Trust has delivered a set of stable financial results for its Unitholders for 4Q2010 with a DPU of 1.193 cents. An advanced distribution of 0.627 cents per unit was paid on 6 December 2010 in conjunction with the private placement exercise cum preferential offering carried out in October 2010. The balance of 0.566 cents DPU will be payable on 24 March 2011," said Mr. Chris Calvert, Chief Executive Officer of CITM.

In November 2010, the Manager completed a private placement and preferential offering which raised approximately S\$50.4 million, to part finance the acquisition of four quality industrial properties located at 25 Tai Seng Avenue, 511 & 513 Yishun Industrial Park A and two potential acquisitions located in the western part of Singapore, for a total purchase consideration, including acquisition costs, of S\$74.3 million. The two acquisitions under a memorandum of understanding at the time of the equity raise, namely 60 Tuas South Street 1 and A0964602 Tuas View Circuit, have now subsequently been committed via Put and Call Options.

The latter project is a built-to-suit development, which, on completion will comprise a three level office and warehouse complex with an approximate gross floor area of 11,261 square metres. This is an exciting opportunity for CIT as it represents the Trust's first development project, providing the Trust with a new avenue for growth.

The Trust strengthened its balance sheet and improved financial flexibility through the following prudent capital and risk management initiatives:

- Reduced gearing to 34.7% (as at 31 Dec 2010), from 42.6% (as at 31 Dec 2009), principally through using divestment proceeds to repay debt. A further repayment of S\$20.0 million will be made on 17 February 2011 which will reduce gearing to 33.4%.
- Secured a new three-year Acquisition Term Loan and Working Capital Facility totalling S\$70.0 million, maturing in August 2013. The S\$50.0 million 3-year acquisition term loan facility was secured at an all-in debt cost of approximately 3.05% per annum to part fund CIT's recent acquisitions.
- Completed the divestment of 78 strata units at 48 Toh Guan Road East (Enterprise Hub), 27 Pandan Crescent and 37 Tampines Street 92 during FY2010, with total sale proceeds of S\$72.8 million, which exceeded book value, by approximately 5.8%. Divestment proceeds were used to lower gearing.
- Implemented the Distribution Reinvestment Plan for 1Q2010 and 2Q2010.

**Overview of FY2010 and 4Q2010 Financial Results:**

	FY2010 (S\$ 'm)	FY2009 (S\$ 'm)	Incr / (Decr) %	4Q2010 (S\$ 'm)	3Q2010 (S\$ 'm)	Incr / (Decr) %
<b>Gross Revenue</b>	74.2	74.4	(0.3)	19.1	18.2	4.8
<b>Net Property Income ("NPI")</b>	65.1	65.1	(0.1)	16.8	15.9	5.4
<b>Distributable Income</b>	44.7	44.2	1.3	12.0	10.8	11.2
<b>Distribution Per Unit ("DPU")</b>	4.892	5.357	(8.7)	1.193	1.187	0.5

**Property Portfolio**

As at 31 December 2010, CIT's portfolio comprised 43 properties with approximately 640,908<sup>1</sup> sq m of lettable area, leased to 110 tenants. CIT's portfolio was revalued at 31 December 2010 by an independent valuer, Colliers International Consultancy and Valuation, resulting in a total portfolio value of S\$928.5 million and a NTA per unit of 60.7 cents. The portfolio valuation as at 31 December 2010 increased by 5.7% from the 30 June 2010 valuation, on a like-for-like basis (i.e. after netting off the divestments of 29 strata units at Enterprise Hub, and the three newly acquired properties completed in 2H2010).

The Trust's underlying property fundamentals remained resilient throughout FY2010, attributing to a stable rental income and positive revaluation. The Trust achieved a 4Q2010 portfolio occupancy of 98.97%, its weighted average lease expiry profile remained above four years, and arrears were at their lowest level in two years around 0.3% of annualised rent.

As part of CIT's efforts to enhance the intrinsic value of the portfolio, several initiatives were carried out, including:

- completion of two asset enhancement initiatives ("AEI") for the assets located at 1 Third Lok Yang Rd & 4 Fourth Lok Yang Rd and 30 Toh Guan Road; and

<sup>1</sup> As at 31 December 2010, CIT's NLA of 640,908 sqm excludes the ASRS warehouse and mezzanine floor at 30 Toh Guan Road which is subject to re-development.

- completion of five lease restructuring and/or extensions for the assets located at 31 Tuas Ave 11, 86/88 International Rd, 55 Ubi Ave 3, 30 Toh Guan Road and 25 Changi South Ave 2.

The above initiatives had a positive impact on the portfolio by smoothing out the rolling lease expiration profile, reducing the combined lease concentration in 2013/2014 from 70% (by income) as at 31 December 2009, to 55% (by income) as at 31 December 2010.

### **Distribution Reinvestment Plan**

The Manager has been informed by the Ministry of Finance on 17 December 2010 that the Distribution Reinvestment Plan (“DRP”) for REITs will not be extended beyond 31 December 2010. As such, we are unable to offer DRP to unitholders for the 4Q2010 period.

### **Outlook**

The Ministry of Trade and Industry reported that according to advance estimates, the economy expanded by 12.5 per cent on a year-on-year basis in the fourth quarter of 2010, improving from the 10.5 per cent growth in the third quarter. Singapore’s GDP for the full year 2010 is estimated to have expanded by 14.7 per cent<sup>2</sup>.

The improvement in macro economic conditions positively impacted the industrial real estate sector in 2010. We expect that industrial property will as a result continue to enjoy modest rental and capital value growth in 2011, driven by the improvement in global export activity and overall growth in the manufacturing sector. While the external macroeconomic conditions are expected to remain supportive for growth in 2011, we remain cautious as the downside risks such as the proliferation of the Eurozone debt crisis and rising inflation, may threaten the level of Singapore’s economic growth, which will have a negative flow on effect to the real estate sector.

“2010 was a positive year for CIT. The Manager successfully acquired new assets, implemented several AEI and lease renewal and extensions, and through its core strategy of prudent capital and risk management, reduced gearing to below 35%. All of this has been designed to drive portfolio value and improve financial flexibility with the objective of enhancing unitholder value. CIT is in a strong position to capitalise on this growth momentum in 2011” said Mr. Calvert.

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<sup>2</sup> Ministry of Trade and Industry, “Pace of Growth Improved in Fourth Quarter 2010”, 3 January 2011.

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### **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 43 properties valued at S\$928.5 million (as at 31 December 2010), located across Singapore.

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

- prudent capital and risk management;
- proactive asset management; and
- value enhancing investments and disposal of non-core assets.

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 specializing in real estate and private equity investments across Asia-Pacific. 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, liabilities or obligations of, or deposits in, Cambridge Industrial Trust Management Limited ("**Manager**"), RBC Dexia Trust Services 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 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. 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.