

# FY2014 Financial Results Presentation

16 January 2015



16 International Business Park

 **CAMBRIDGE**  
INDUSTRIAL TRUST

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# Executive Summary

## Robust Portfolio Management

- ✓ 50 properties at end of 2014
- ✓ Completed maiden business park acquisition; Total acquisitions for FY2014 - S\$140.8 million
- ✓ Renewed ~300,000 sq ft of leases in 4Q2014, amounting to 1.88 million sq ft of leases for FY2014 with positive rental reversion of 4.6%
- ✓ 21B Senoko Loop adds ~73,000 sq ft to total GFA
- ✓ Increased Weighted Average Lease Expiry to 4.0 years

## Prudent Financial and Capital Management

- ✓ DPU - Achieved FY2014 DPU of 5.004 cents
- ✓ NPI - 4Q2014 Net Property Income grew 3.0% year-on-year to S\$19.5 million
- ✓ Debt Headroom - S\$407.5 million unencumbered assets; S\$90 million in available committed facilities



# Key Developments





# Acquisition: Completed 16 International Business Park in 4Q2014

Total acquisitions for FY2014 to S\$140.8 million; Boost sectoral diversification



**Purchase Price**  
S\$28.0 million

**Total GFA**  
~69,258 sq ft

**Completion Date**  
19 Dec 2014

#### **Description**

A 3-storey purpose-built building with a mezzanine and a basement carpark situated within the International Business Park in Jurong East. It is easily accessible via major transportation modes

#### **Tenant**

M+W Singapore Pte Ltd (~11.6 years)

# AEI: 21B Senoko Loop (Phase II) Completed



## 21B Senoko Loop (Phase I & Phase II)

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### Description

Phase II - Construction of a 4-level warehouse with a basement and a detached single-tenant factory building

Phase I - Cargo-lift upgrading

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### Additional GFA

Phase II ~73,026 sq ft

Phase I ~26,744 sq ft

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### Total GFA

~196,872 sq ft

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### Contract Cost

S\$12.8 million (Phase I & II)

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### Tenant

Tellus Marine Engineering Pte Ltd (10 years)

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### Completion Date

Phase II - 10 Dec 2014

Phase I – Target 1Q2015

# Ongoing AEs



## 31 Changi South Avenue 2

### Description

Additional production area and a cargo lift

### Additional GFA

~9,242 sq ft

### Total GFA

~59,886 sq ft

### Contract Cost

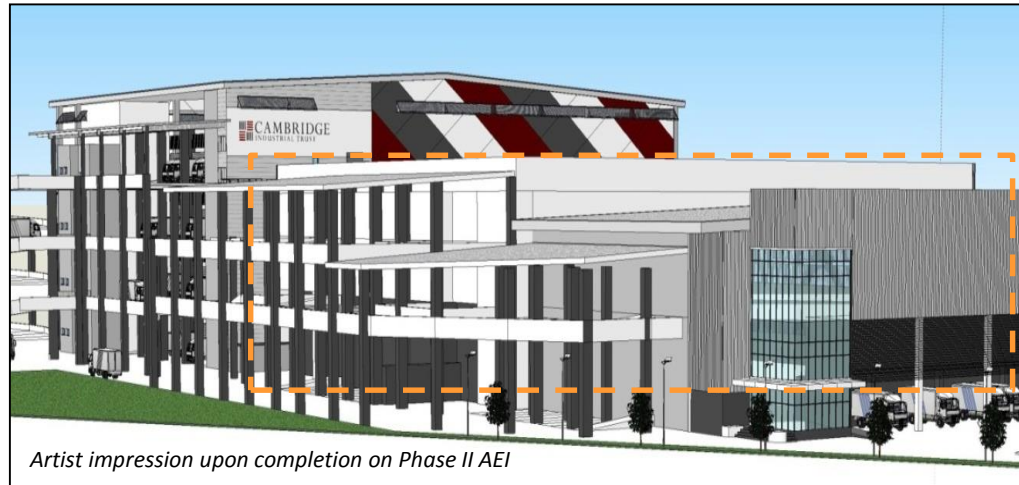
S\$1.6 million

### Tenant

Presscrete Engineering Pte Ltd  
(5 years lease extension from 2017)

### Completion Date

Target 1Q2015



Artist impression upon completion on Phase II AEI

## 3 Pioneer Sector 3 (Phase II)

### Description

Connection of the new ramp-up warehouse with the existing building, upgrade the building facade and facilities

### Total GFA

~716,570 sq ft (Phase I & II)

### Contract Cost

S\$12.4 million

### Completion Date

Target 1Q2015



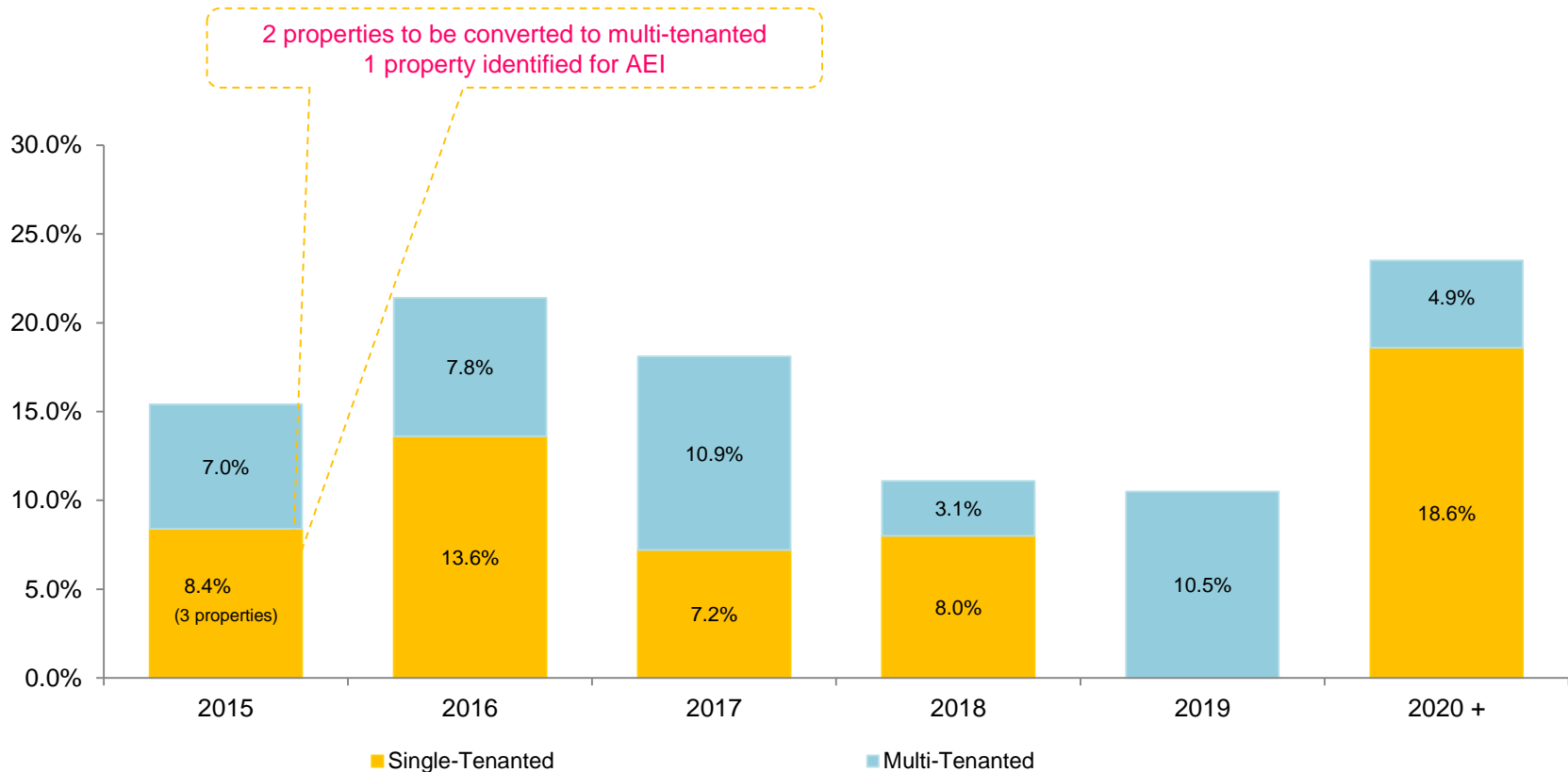
# Portfolio Highlights



30 Toh Guan Road

# Proactive Lease Management

Weighted Average Lease Expiry (WALE) increased to 4.0 years from 3.6 years

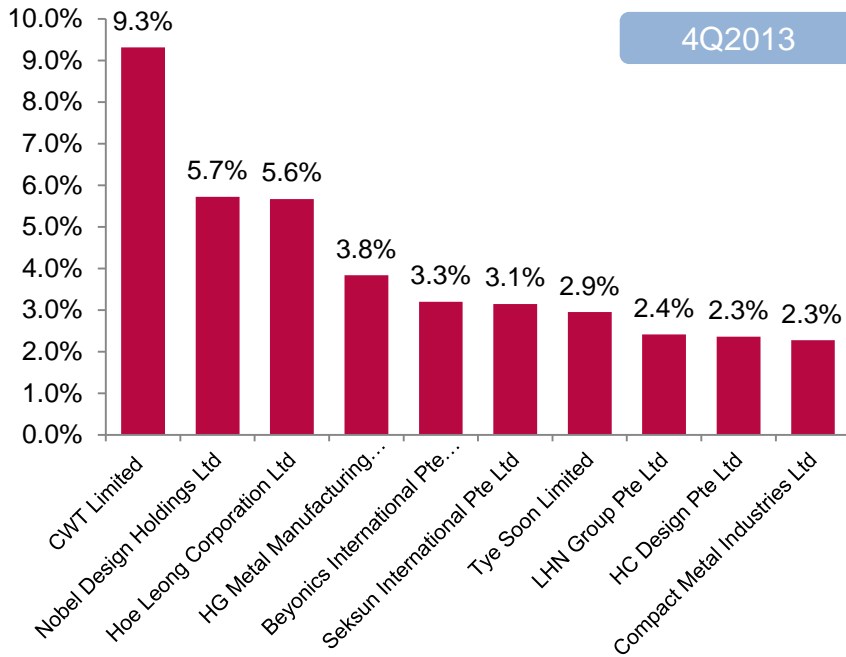


4Q2014

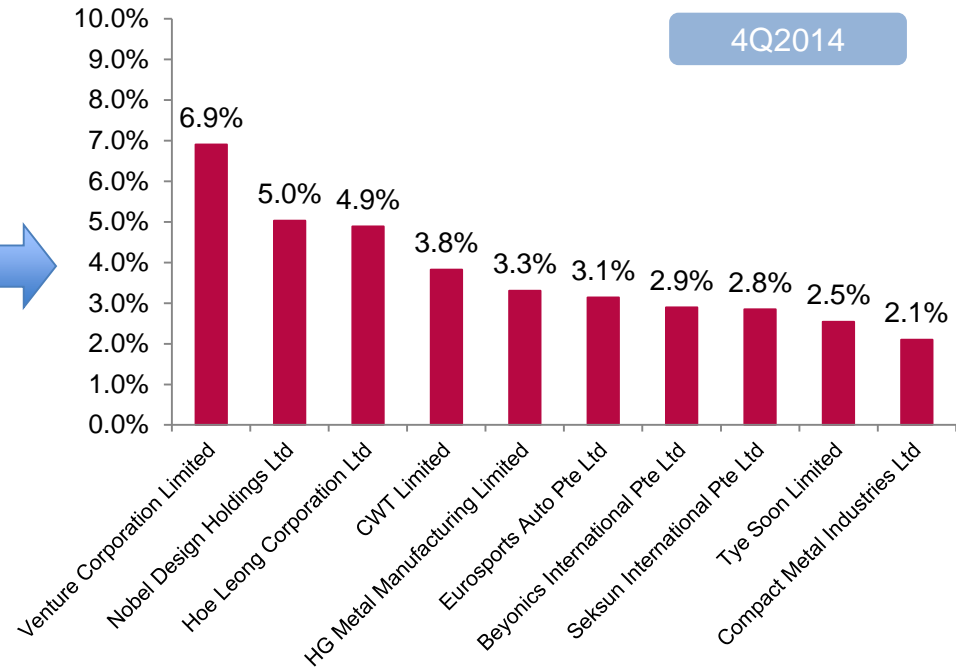


# Quality and Diversified Tenant Base

Top 10 Tenants Account for ~40.7% of Rental Income



Top 10 Tenants Account for ~37.3% of Rental Income



# Property Valuations

Asset Class	No of Properties as at 31 Dec 2014	Valuation as at 31 Dec 2014 (S\$ million)	No of Properties as at 31 Dec 2013	Valuation as at 31 Dec 2013 (S\$ million)
Logistics	3	211.0	3	179.6
Warehousing	10	293.6	11	298.9
Light Industrial	15	373.2	13	301.6
General Industrial <sup>(1)</sup>	20	420.5	20	404.3
Car Showroom and workshop	1	41.0	-	-
Business Park	1	30.4	-	-
<b>Total</b>	<b>50</b>	<b>1,369.7</b>	<b>47</b>	<b>1,184.4</b>

Average capitalisation as at 31 December 2014: 6.7%; 30 June 2014: 6.7% and 31 December 2013: 6.8%

(1) Includes CIT's 60% interest in the value of the 3 Tuas South Avenue 4 property held by Cambridge SPV LLP



# Asset Business Plan 2014

## FY2014 Asset Management Review

- Renewed ~1.88 million sq ft of space for FY2014
- Positive rental reversion of 4.6% for FY2014
- Average portfolio rent of S\$1.08 psf per month (4Q2013: S\$1.04 psf per month)
- Occupancy at 96.0%
- WALE of 4.0 years
- 168 tenants (4Q2013: 139 tenants)

# Asset Business Plan – Proactive Asset Management

## ‘Work the assets’

- ✓ Identify appropriate strategies for expiring leases
  - Optimize floor plate space
  - Improve building efficiency
  - Diversified tenant based and improve trade mix
  
- ✓ Review of assets with potential asset enhancement initiative
  - Over the next 3 years, we have approximately 350,000 sq ft of under-utilised GFA that we have identified to unlock value
  
- ✓ Review of current rents
  - Conduct competitive analysis
  
- ✓ Cost management
  - Implementation of cost savings measures such as utilities and water efficiency
  
- ✓ Identify new usage that can yield better rents
  - Additional source of income through the installation of solar panels
  
- ✓ Reaping the benefit of AElS



# Financial and Capital Management Updates



# 4Q2014 Financial Highlights

	4Q2014 (S\$ million)	4Q2013 (S\$ million)	YoY (%)
Gross Revenue	26.2 <sup>(1)</sup>	23.3	12.6 ↑
Net Property Income	19.5 <sup>(2)</sup>	19.0	3.0 ↑
Distributable Amount <sup>(3)</sup>	15.9	15.5	2.7 ↑
<b>Distribution Per Unit<sup>(3)</sup> (“DPU”) (cents)</b>	<b>1.252</b>	<b>1.251</b>	<b>0.1 ↑</b>
Annualised DPU (cents)	4.967	4.963	0.1 ↑

(1) Includes straight line rent adjustment of S\$0.4 million (4Q2013: Nil)

(2) Higher due to positive contribution from the acquisition of 4 properties and the completion of property development at 3 Pioneer Sector 3 (Phase I) net of increased costs associated with properties converting to multi-tenancies and capital distribution to fund the reduction in net income from properties undergoing asset enhancements initiatives including asset repositioning

(3) 4Q2014 includes capital distribution of S\$0.2 million (0.019 cents per unit), 4Q2013 includes capital gains distribution of S\$1.2 million (0.1 cents per unit), to fund the reduction in net income from properties undergoing asset enhancement initiatives including asset repositioning.

# FY2014 Financial Highlights

	FY2014 (S\$ million)	FY2013 (S\$ million)	YoY (%)
Gross Revenue <sup>(1)</sup>	99.3	96.5	3.0 ↑
Net Property Income	77.8 <sup>(2)</sup>	80.4	3.2 ↓
Distributable Amount <sup>(3)</sup>	63.0	61.3	2.9 ↑
<b>Distribution Per Unit<sup>(3)</sup> (“DPU”) (cents)</b>	<b>5.004</b>	<b>4.976</b>	<b>0.6 ↑</b>

(1) Includes straight line rent adjustment of S\$0.9 million (FY2013: S\$1.6 million)

(2) Lower due to higher property expenses from conversion of properties to multi-tenancy and the impact of properties undergoing asset enhancement initiatives including asset repositioning

(3) FY2014 includes S\$3.5 million capital gains (0.201 cents per unit) (FY2013: S\$3.9 million; 0.296 cents per unit) and S\$0.2 million capital distribution to fund the reduction in net income from properties undergoing asset enhancement initiatives including asset repositioning, and S\$1.7 million capital distribution (FY2013: S\$13.9 million; 1.151 cents per unit) to fund the performance fees payable in cash



# Balance Sheet

	4Q2014 (S\$ million)
Investment Properties	1,346.9
Interest in Jointly-controlled Entity	16.3
Other Non-Current Assets	0.1
Current Assets	17.2
<b>Total Assets</b>	<b>1,380.5</b>
Borrowings (net of loan transaction costs)	475.4
Other Liabilities	38.8
<b>Total Liabilities</b>	<b>514.2</b>
<b>Net Assets</b>	<b>866.3</b>
No. of Units Issued / Issuable (million)	1,271.5
NAV Per Unit (cents)	68.1

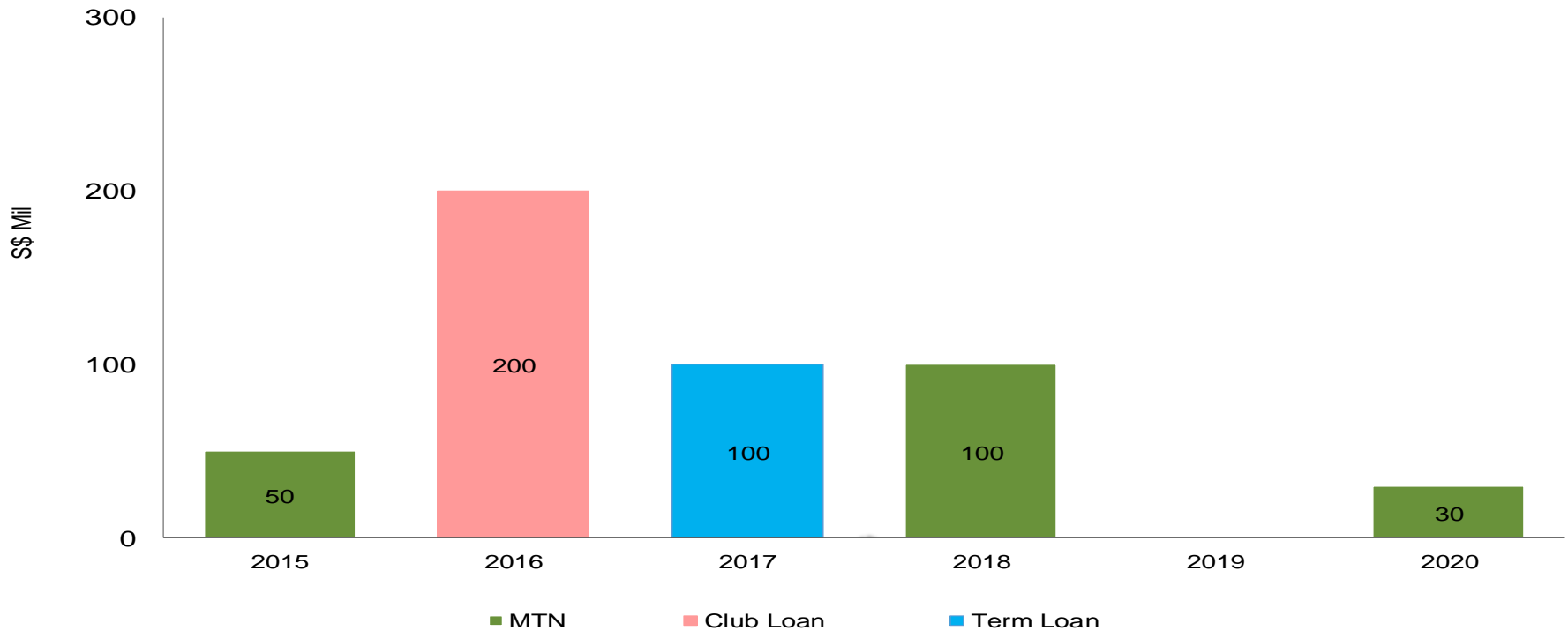
# Prudent Capital Management

- ✓ In October 2014, priced S\$100 million 4-year MTN @ 3.5%
- ✓ Issuance was 1.7x subscribed and institutional investors took 97% of the issuance
- ✓ Approximately 90% of interest rate fixed for the next 2.1 years

	4Q2014
Total Debt (S\$ million)	480.0
Gearing Ratio (%)	34.8
All-in Cost (%)	3.68
Weighted Average Debt Expiry (years)	2.2
Interest Rate Exposure Fixed (%)	89.6
Available Committed Facilities (S\$ million)	90.0
Unencumbered Properties (S\$ million)	407.5

# Prudent Capital Management

Well positioned to pursue growth opportunities with S\$90.0 million in undrawn committed facilities





# Distribution Timetable

<b>Distribution Details</b>	
Distribution Period	1 October 2014 to 31 December 2014
Distribution Rate	1.252 cents per unit comprising: (a) Taxable income: 1.233 cents per unit (b) Capital: 0.019 cents per unit
Distribution Reinvestment Plan (“DRP”)	2% Discount
<b>Distribution Timetable</b>	
Last Trading Day on a “Cum Distribution” Basis	21 January 2015
Ex-date	22 January 2015
Books Closure Date	26 January 2015
Fixing of Unit Price for DRP	27 January 2015
<b>Distribution Payment Date and listing of DRP Units</b>	<b>27 February 2015</b>

# Strategy and Outlook



16 Tai Seng Street

# Our Growth Pillars – Four Core Strategies

Acquisition of Value Enhancing Properties

Active Asset Management

Divestment of Non-core Properties

Prudent Capital and Risk Management



# Conclusion



# Conclusion

- ✓ Well positioned for the future, supported by high calibre team capable of executing strategy and deals nimbly, effectively and successfully
- ✓ Completion of our maiden business park, our 50<sup>th</sup> property, boosting our sectoral diversification
- ✓ MTN issuance at attractive rate demonstrates strength of finance team to secure opportunistic deal, and market demand with strong take-up; additional funding resources enables CIT to move quickly on acquisition opportunities
- ✓ Long WALE of 4.0 years provides certainty of income to Unitholders
- ✓ Borrowing costs are substantially insulated against interest rate rises for the next 2.1 years



# Appendix



31 Tuas Avenue 11



# Sustainable Business – Green Initiatives / Corporate Social Responsibility

- A member of the Singapore Green Council
- Awarded for commitment to deploy 4.7 megawatts capacity in grid-connected solar energy systems across 10 properties
- Participated with our tenants to switch off 60+ Earth Hour in 2014

## Club Rainbow – Ride for Rainbow 2014

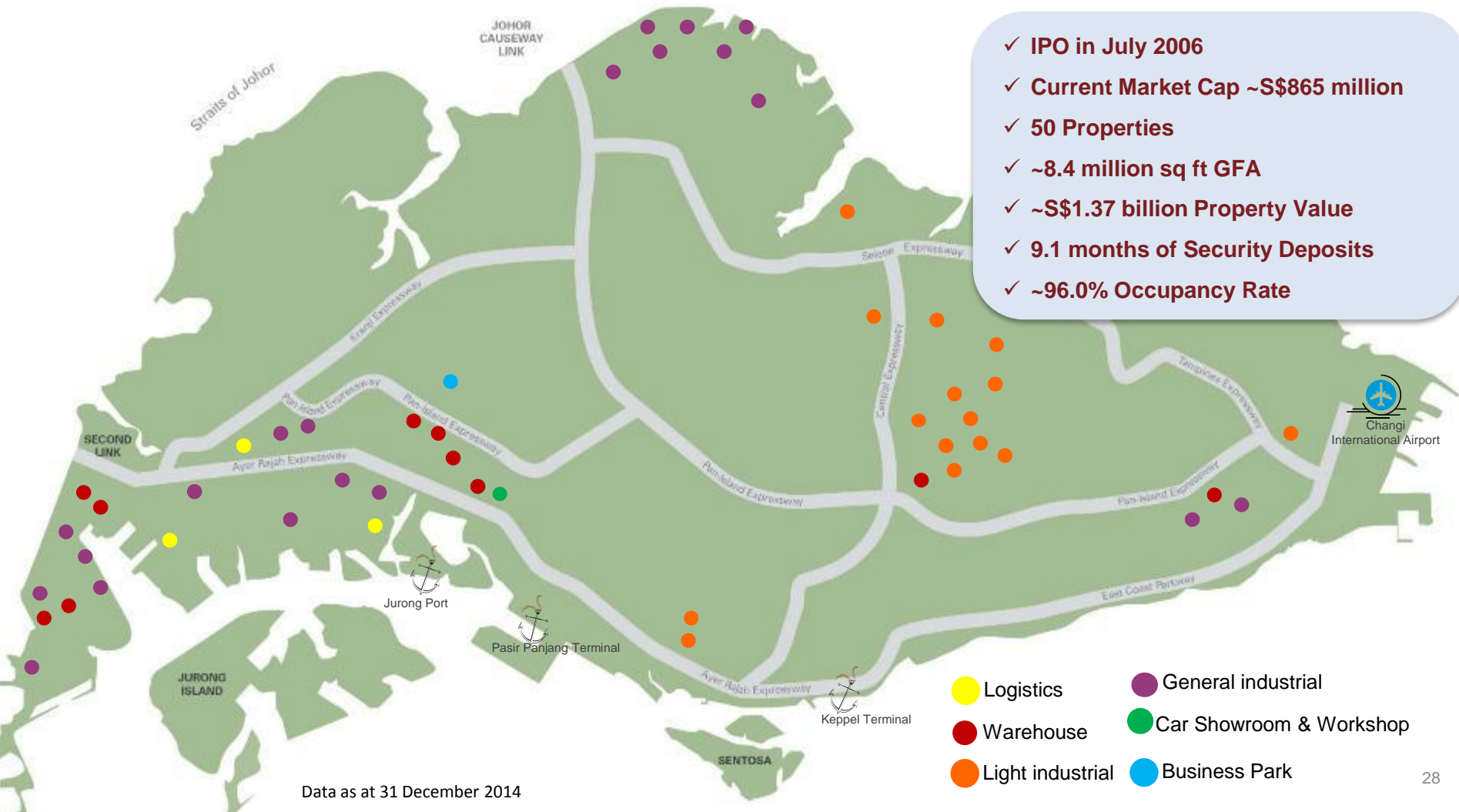


## Cambridge: Wins Prestigious Solar Pioneer Award For The 2nd Time.

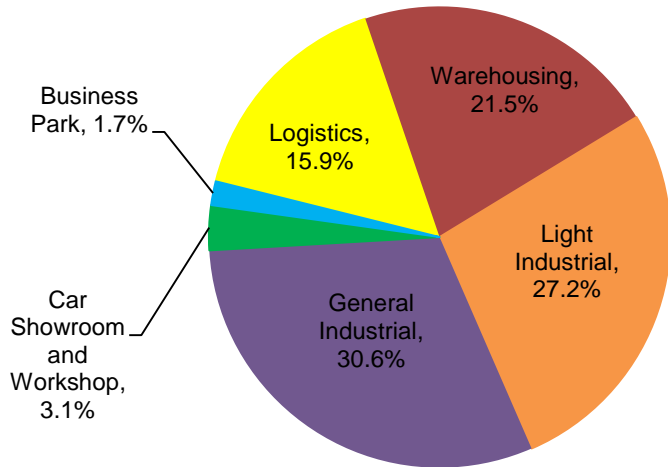
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*CIT has again received industry recognition from the Singapore Economic Development Board for its efforts in promoting clean energy. Award-winning initiative is part of a green initiative programme to install solar panels across 10 of CIT's properties. Expected to reduce carbon emission and generate electricity cost savings. Plans to install solar panels to harness solar energy across CIT properties over the next few years as part of ongoing "Green REIT" initiatives... More information available here.*

# Overview of CIT

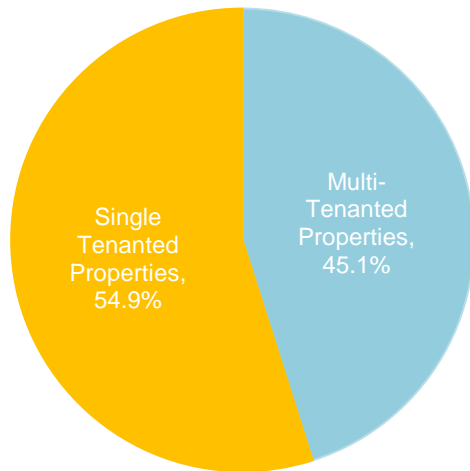


# Diversified Portfolio



## Asset Class by Rental Income

	2014	2013
<b>No of Properties</b>	50	47
<b>Property Value (S\$ billion)</b>	1.37	1.2
<b>Total Portfolio GFA (million sq ft)</b>	~8.4	~7.6
<b>Total Net Lettable Area (million sq ft)</b>	~7.9	~7.3
<b>Portfolio Occupancy (%)</b>	96.0	97.0
<b>Total no. of Tenants</b>	168	139



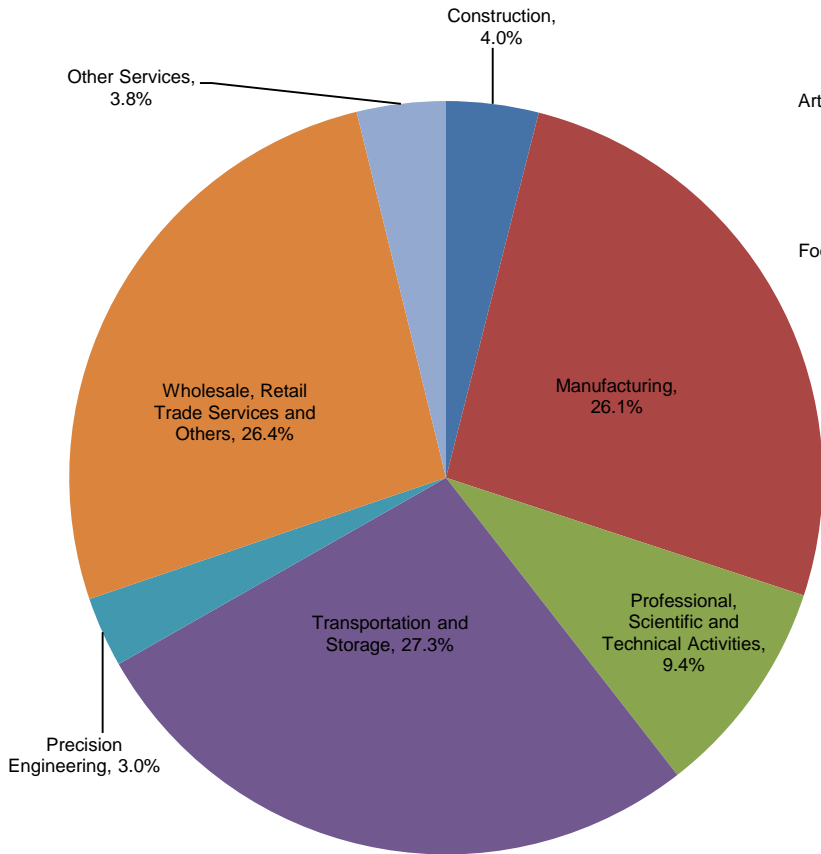
## Single-Tenanted vs Multi-Tenanted (By Rental Income)

- ✓ Renewed approximately 300,000 sq ft of leases in 4Q2014, amounting to 1.88 million sq ft of leases for FY2014
- ✓ Average portfolio rent: S\$1.08 psf per month

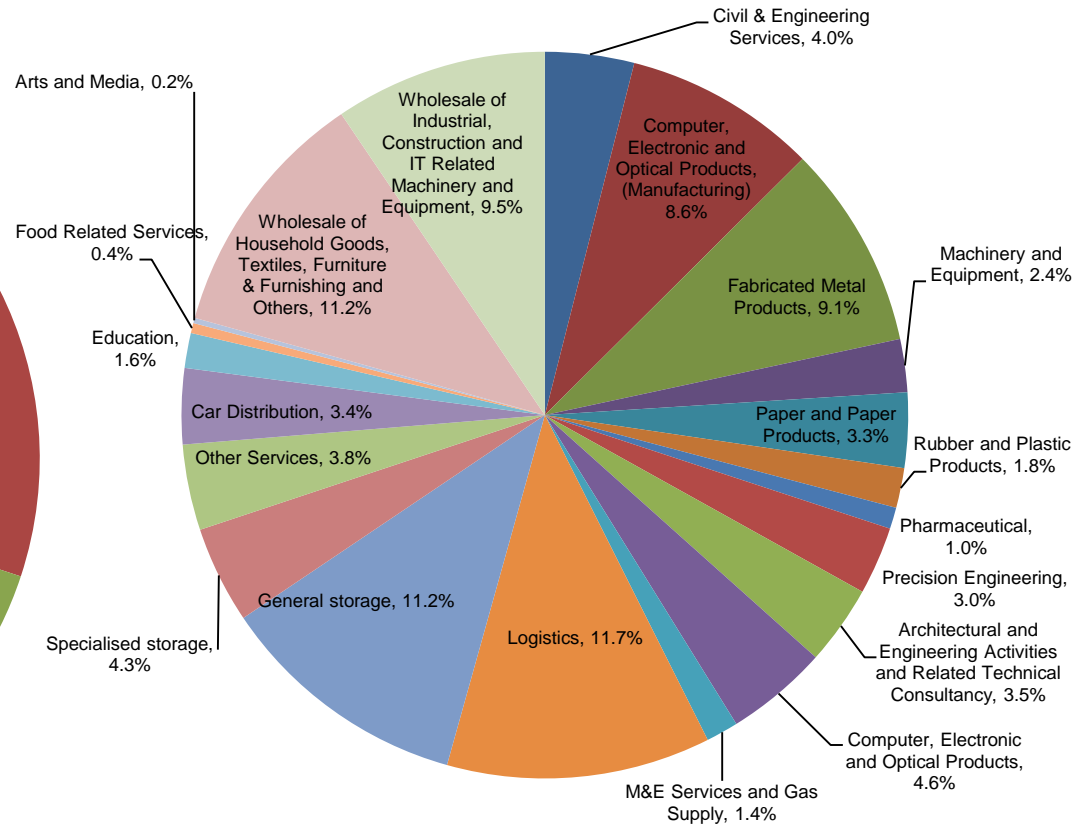


# Diversified Tenant Base and Trade Sector

## Diversified Trade Sector



## Quality Trade Sector



# FY2014 Acquisitions / Divestment Summary

Acquisitions	GFA (sq ft)	Completion	Purchase Price (S\$ million)
16 International Business Park	~69,258	19 Dec 2014	28.0
12 Ang Mo Kio Street 65	~180,424	12 Sep 2014	39.8
11 Chang Charn Road	~97,542	31 Mar 2014	32.0
30 Teban Gardens Crescent	~139,525	17 Mar 2014	41.0
<b>Total for 2014</b>	<b>~486,749</b>		<b>140.8</b>

Divestments	GFA (sq ft)	Completion	Book Value (S\$ million)	Gross Proceeds (S\$ million)	Premium to Book Value
81 Defu Lane 10	45,242	24 Mar 2014	6.7	7.8	16%
<b>Total for 2014</b>	<b>45,242</b>		<b>6.7</b>	<b>7.8</b>	

# FY2014 AEIs / Developments Summary

AEIs/Developments	Add'l GFA (sq ft)	Completion	Contract Cost / Cost (\$ million)
3 Pioneer Sector 3 (Phase I)	315,350	3 Jun 2014	44.4
30 Toh Guan Road	--	Jul 2014	2.3
21B Senoko Loop (Phase II) (Phase I)	~73,026 ~26,744	10 Dec 2014 1Q2015	12.8
3 Pioneer Sector (Phase II)	--	1Q2015	12.4
31 Changi South Avenue 2	~9,242	1Q2015	1.6
<b>Total for 2014</b>	<b>~424,362</b>		<b>73.5</b>



# FY2014 Capital Management Activities Summary

- In April, priced S\$30 million 6-year MTN @ 4.1%. Issuance was 1.2x subscribed and institutional investors took 97% of the issuance.
- In June, S\$250 million of forward interest rate swaps became active, fixing majority of interest rate exposure from bank loans.
- In October, priced S\$100 million 4-year MTN @ 3.5%. Issuance was 1.7x subscribed and institutional investors took 97% of the issuance.
- FY2014 DRP take-up rates ranged from 23% to 41%, reflecting strong support from Unitholders.

# Further Information

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