

# CLSA Asean Forum

Bangkok, March 2016



16 International Business Park

 **CAMBRIDGE**  
INDUSTRIAL TRUST

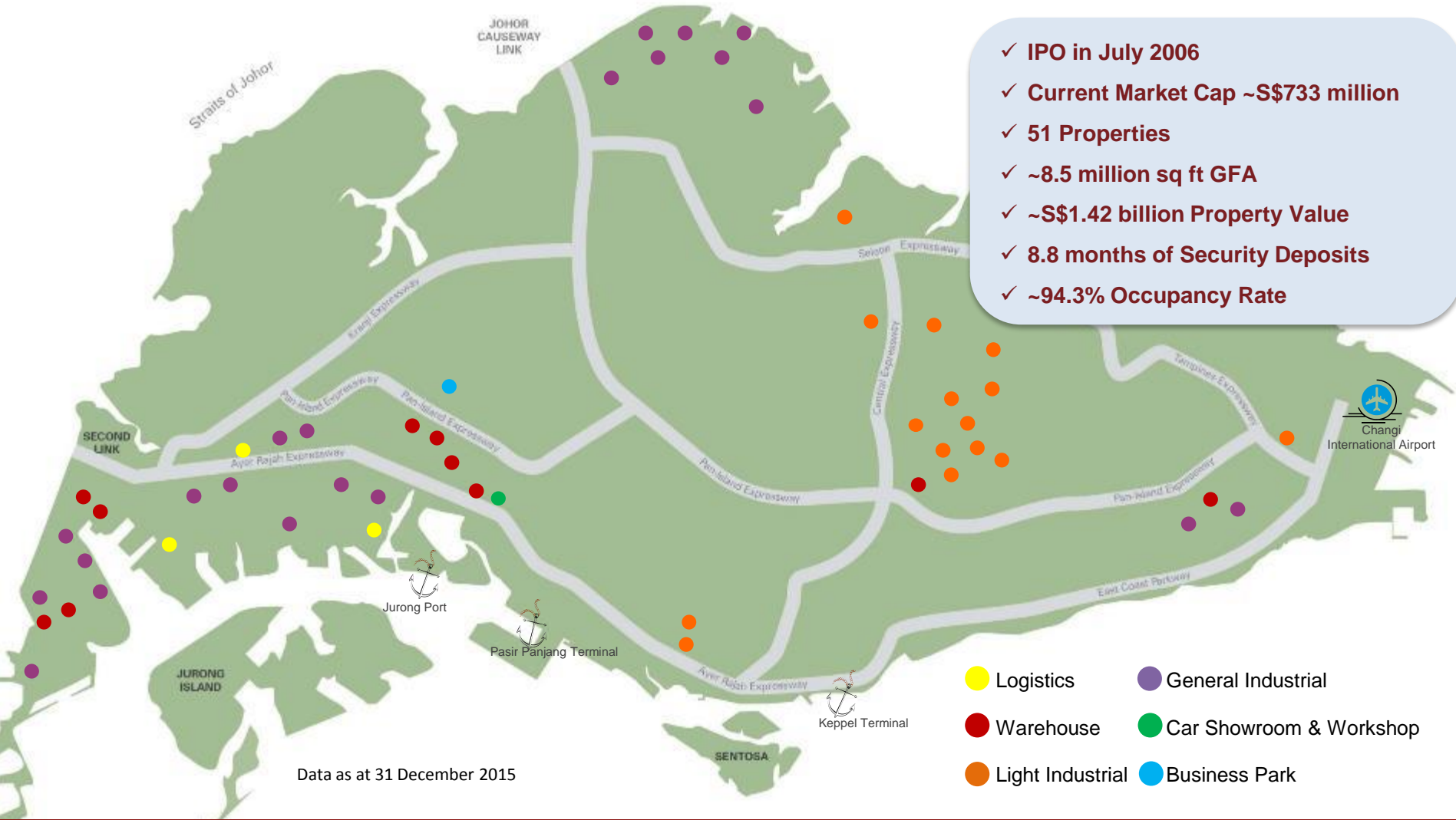
# Content

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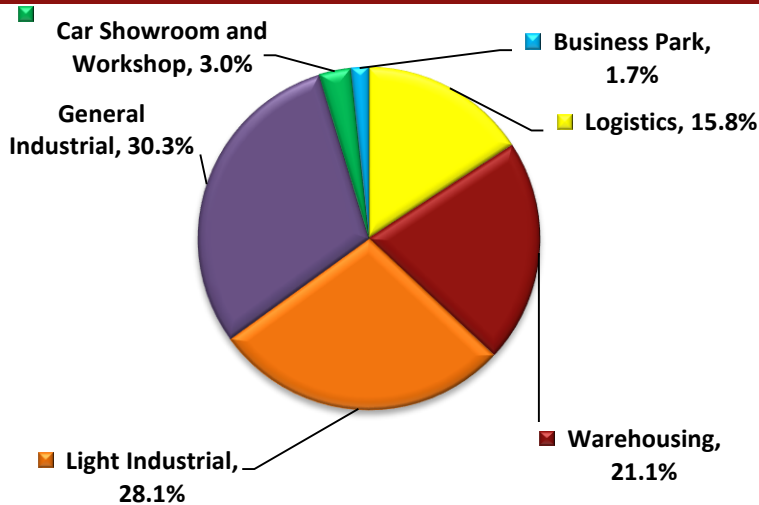
- ❑ Overview of CIT
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# Overview of CIT

- ✓ IPO in July 2006
- ✓ Current Market Cap ~S\$733 million
- ✓ 51 Properties
- ✓ ~8.5 million sq ft GFA
- ✓ ~S\$1.42 billion Property Value
- ✓ 8.8 months of Security Deposits
- ✓ ~94.3% Occupancy Rate



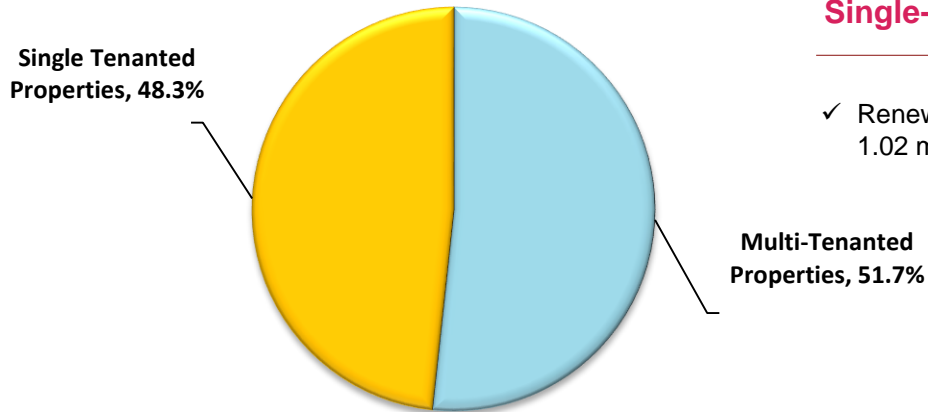
# Diversified Portfolio



## Asset Class by Rental Income

	2015	2014
No of Properties	51	50
Property Value (S\$ billion)	1.42	1.37
Total Portfolio GFA (million sq ft)	~8.5	~8.4
Total Net Lettable Area (million sq ft)	~8.0	~7.9
Portfolio Occupancy (%)	94.3*	96.0
Total no. of Tenants	187	168

\* Note that 513 Yishun will be undergoing AEI works. Excluding 513 Yishun, the portfolio occupancy would be 94.8%



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

- ✓ Renewed approximately 306,000 sq ft of leases in 4Q2015, amounting to 1.02 million sq ft of leases for FY2015



# Cambridge Industrial Trust FY2015 Results Overview



# Executive Summary






## Robust Portfolio Management

- ✓ **Double-digit increase in Portfolio Net Property Income**
  - ✓ 10.7 % increase year-on-year
- ✓ **Proactive asset management**
  - ✓ Weighted Average Lease Expiry remains steady at 3.8 years
- ✓ **Positive rental reversions**
  - ✓ FY 2015 positive rental reversion of 9.1 %
- ✓ **Healthy portfolio occupancy**
  - ✓ Portfolio occupancy remains steady at 94.3 %

## Prudent Capital Management

- ✓ **DPU – Achieved 4.793 cents for the year**
- ✓ **Approximately S\$1.2 billion of unencumbered investment properties**
- ✓ **97.4 % of interest rates fixed for the next 3 years**
- ✓ **Well-staggered debt maturity profile**
  - ✓ No refinancing due till FY2017

# 4Q2015 Financial Summary





	4Q2015 (S\$ million)	4Q2014 (S\$ million)	YoY (%)
Gross Revenue <sup>(1)</sup>	28.5	26.2	8.7 
Net Property Income <sup>(2)</sup>	21.6	19.5	10.7 
Distributable Amount <sup>(3)</sup>	14.8	15.9	7.2 
<b>Distribution Per Unit<sup>(3)</sup> (“DPU”) (cents)</b>	<b>1.139</b>	<b>1.252</b>	<b>9.0</b> 
Annualised DPU (cents)	4.519	4.967	9.0 

(1) Includes straight line rent adjustment of S\$0.5 million (4Q2014: S\$0.4 million)

(2) Higher due to full period revenue contribution from property acquisitions and asset enhancement initiatives projects completed during the period from 4Q2014 to 4Q2015.

(3) There is no capital distribution for 4Q2015 (4Q2014: capital distribution of S\$0.2 million (0.019 cents per unit). 100% of management fees are payable in cash for 4Q2015 (4Q2014: 100% of management fees were paid in units)

# FY2015 Financial Summary

	FY2015 (S\$ million)	FY2014 (S\$ million)	YoY (%)
Gross Revenue <sup>(1)</sup>	112.2	99.3	13.0 
Net Property Income <sup>(2)</sup>	86.2	77.8	10.7 
Distributable Amount <sup>(3)</sup>	61.8	63.0	1.9 
<b>Distribution Per Unit<sup>(3)</sup> (“DPU”) (cents)</b>	<b>4.793</b>	<b>5.004</b>	<b>4.2</b> 

(1) FY2015 includes straight line rent adjustment of S\$2.1 million (FY2014: S\$0.8 million)

(2) Higher due to additional revenue from property acquisitions and the completion of AEI projects subsequent to 4Q2014 and straight line rent adjustment

(3) FY2015 Includes S\$2.1 million capital gains/capital distribution (0.163 cents per unit) (FY2014: S\$5.4 million; 0.431 cents per unit)



# Financial and Capital Management Highlights



511/513 Yishun Industrial Park A

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# Balance Sheet Summary

	<b>4Q2015 (S\$ million)</b>
Investment Properties	1,418.0
Total Assets	1,430.9
Total Borrowings (net of loan transaction costs)	525.3
Net assets attributable to Unitholders	872.9
No. of Units Issued / Issuable (million)	1,297.8
NAV Per Unit (cents)	67.3
Gearing Ratio (%)	36.9

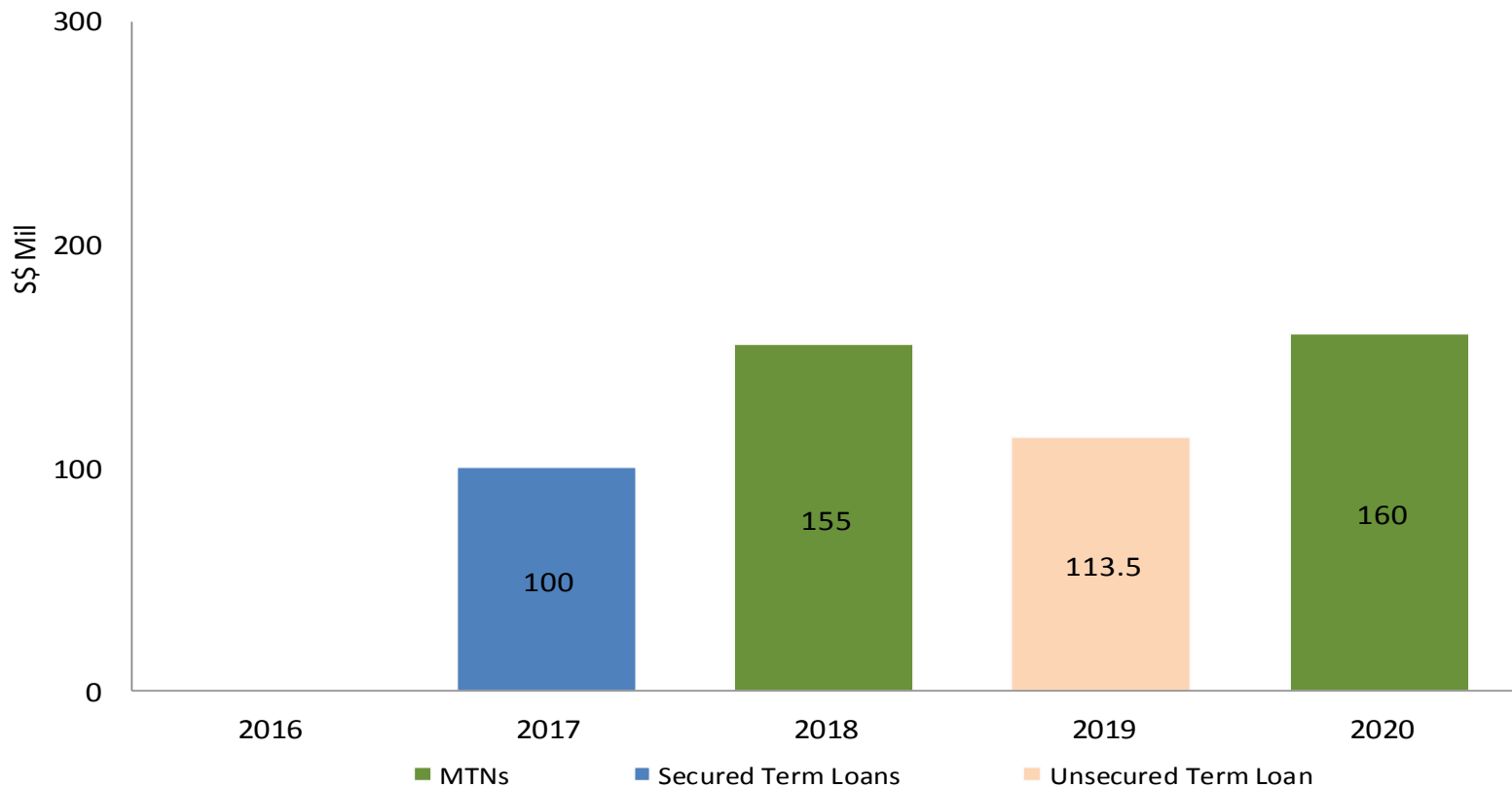
# Key Capital Management Indicators

- ✓ Weighted average debt expiry at 3.2 years
- ✓ Unencumbered investment properties close to S\$1.2bn

	4Q2015
Total Debt (S\$ million)	528.5
Gearing Ratio (%)	36.9
All-in Cost (%) p.a.	3.67
Weighted Average Fixed Debt Expiry (years)	3.0
Interest Coverage Ratio	4.0
Interest Rate Exposure Fixed (%)	97.4
Proportion of Unencumbered Investment Properties (%)	82.6
Available Committed Facilities (S\$ million)	36.5

# Diversified Debt Maturity Profile

- ✓ Well-staggered debt maturity profile, with no refinancing due till FY2017
- ✓ Available RCF of S\$36.5m provides CIT with financial flexibility





# Interest Rate Risk Management

- ✓ 97.4% of interest rate exposure fixed for next 3.0 years
- ✓ Borrowing costs significantly insulated against interest rate increases

Increase in Interest Rate p.a.	Impact on All-in Cost of Debt	Decrease in distributable Income (S\$m)	Change as % of FY2015 Distribution	Impact of FY2015 DPU (Cents) <sup>(1)</sup>
0.5%	3.69%	0.07	0.11%	0.005
1.0%	3.70%	0.14	0.22%	0.010
1.5%	3.71%	0.20	0.33%	0.016
2.0%	3.73%	0.27	0.44%	0.021

<sup>(1)</sup> Based on number of units in issue as of 31 December 2015

# FY2015 Capital Management Activities Summary

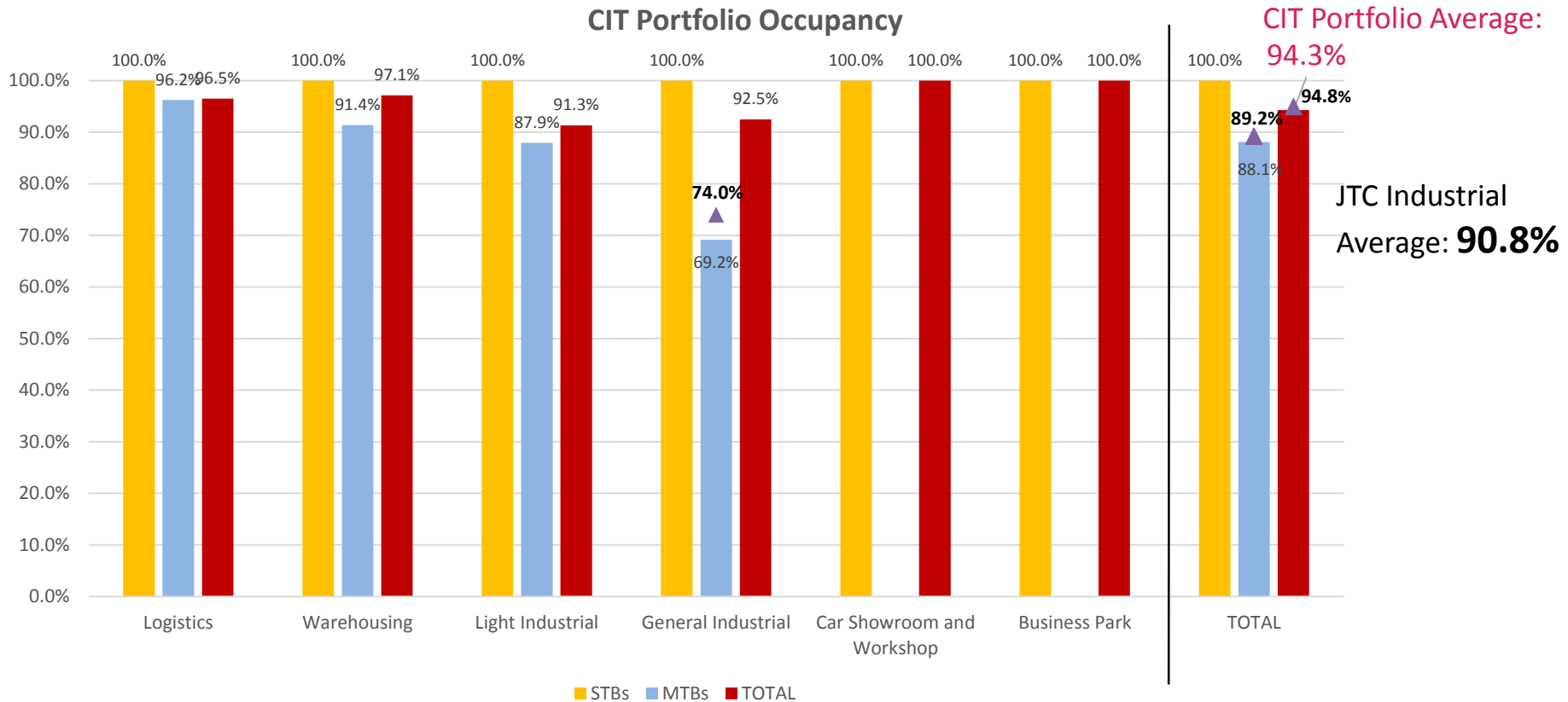
- In January, completed a S\$55m secondary issuance of MTN Series 003. The issuance was 1.4x subscribed and institutional investors took 99% of the issuance.
- In May, S&P assigned “BBB-“ investment grade rating on CIT’s MTN programme and all its outstanding MTN series.
- In May, priced S\$130 million 5-year MTN @ 3.95%. Issuance was more than 2x subscribed and institutional investors took 91% of the issuance.
- In June, completed the refinancing of the S\$250m Club Loan Facility, using the using proceeds from MTN and a new unsecured bilateral loan facility.
- In November, CITM is recognised as the Highly Commended Winner for Best Financing Solution at the Adam Smith Asia Awards 2015, organised by Treasury Today Asia
- FY2015 average DRP take-up rate was 24 %, reflecting continued support from Unitholders.

# Real Estate Highlights



# Portfolio Occupancy Levels by Asset Class

Healthy portfolio occupancy compared to industry average



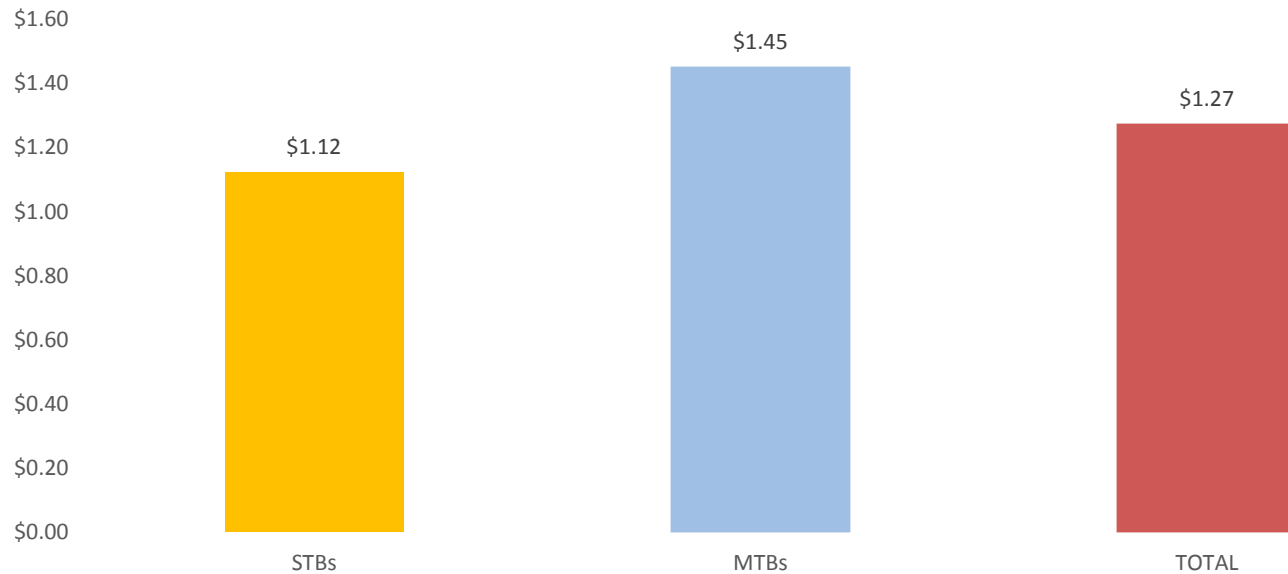
As at 31 Dec 2015

▲ Reflects the occupancy level if we exclude 513 Yishun that will be undergoing AEI works



# Portfolio Rent and Rental Reversion

Portfolio Rents (Based on Leased Area Per Month Per Sq Ft)



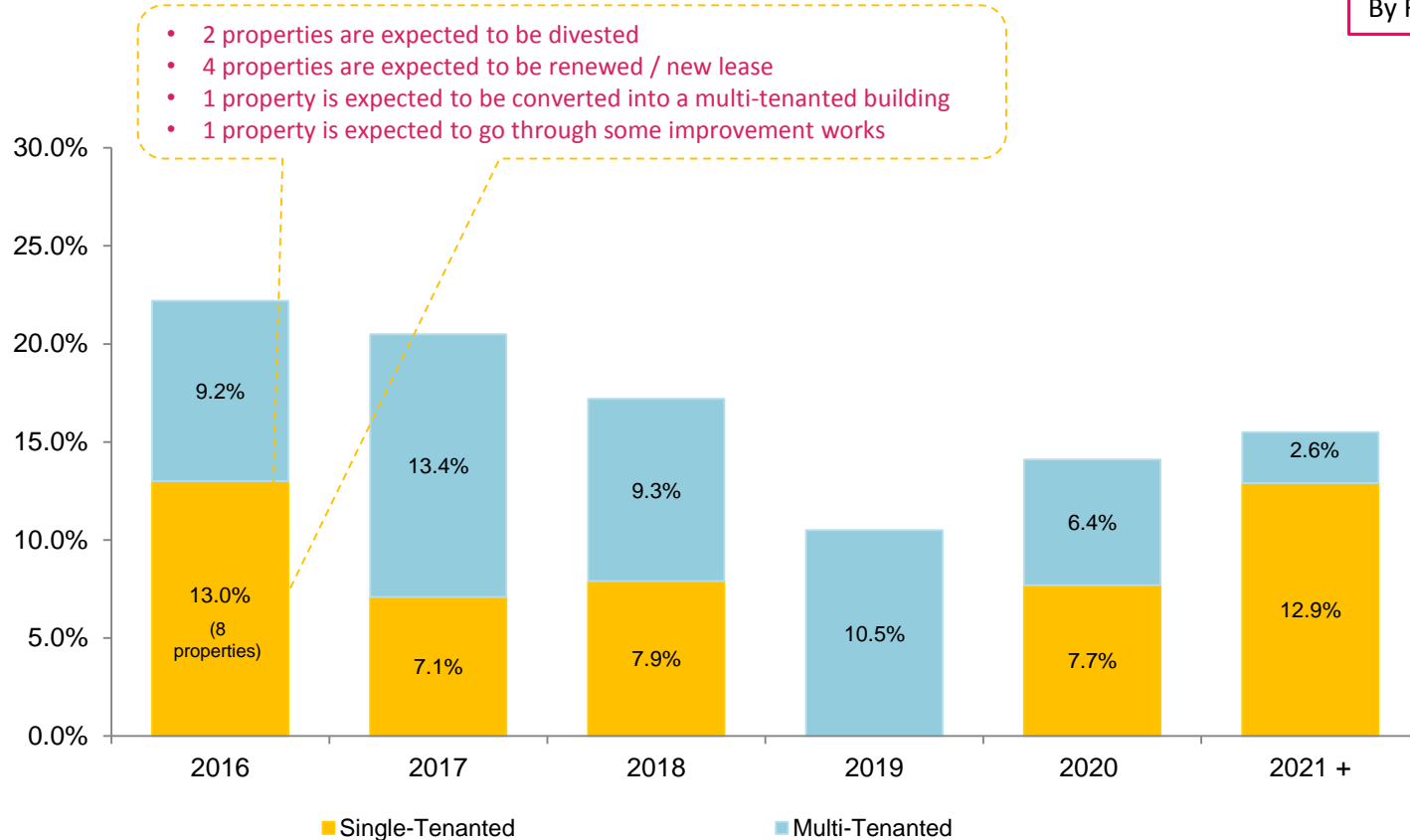
1,024,681 sq ft renewed in FY2015: : **Positive rental reversion of 9.1%**

As at 31 December 2015

# Proactive Lease Management

Weighted Average Lease Expiry (WALE) remains steady at 3.8 years

By Rental Income



As at 31 December 2015

# Property Valuations

Asset Class	No of Properties as at 31 Dec 2015	Valuation as at 31 Dec 2015 (\$ million)	No of Properties as at 31 Dec 2014	Valuation as at 31 Dec 2014 (\$ million)
Logistics	3	213.9	3	211.0
Warehousing	10	296.8	10	293.6
Light Industrial	15	377.0	15	373.2
General Industrial	21	458.6	20	420.5
Car Showroom and workshop	1	40.7	1	41.0
Business Park	1	31.0	1	30.4
<b>Total</b>	<b>51</b>	<b>1,418.0</b>	<b>50</b>	<b>1,369.7</b>

*Average capitalisation rate as at 31 December 2015: 6.6%; 31 December 2014: 6.7%*

# FY2015 Acquisitions

## Acquired Remaining 40% Interest in Cambridge SPV1 LLP (3 Tuas South Avenue 4)



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**Purchase Consideration**

~S\$11.0 million (Net Asset Value)

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**Total GFA**

~316,000 sq ft

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**Completion Date**

20 March 2015

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**Description**

A purpose-built, three-storey warehouse, manufacturing and distribution facility

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**Land Tenure**

~ 44 years balance

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**Tenant**

Agila Specialties Global Pte Ltd

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**Balance Lease Tenure**

23 years



# FY2015 Acquisitions

## Completed Acquisition of 160A Gul Circle



### Purchase Consideration

~S\$16.2 million  
(excluding land premium of S\$2.9 million)

### Total GFA

~86,079 sq ft

### Completion Date

13 May 2015

### Description

A single-storey factory and a newly completed four-storey factory

### Land Tenure

~ 26 years balance

### Tenant

Unicable Pte Ltd

### Lease Tenure

5 years

# FY 2015 Completed AEs



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

### Description

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

Phase I - Cargo-lift upgrading

### Total GFA

~197,647 sq ft

### Contract Cost

S\$12.8 million (Phase I & II)

### Tenant

Tellus Marine Engineering Pte Ltd

### Completion Date

Phase II - 10 Dec 2014

Phase I - 16 Mar 2015

# FY 2015 Completed AEs



## 31 Changi South Avenue 2

### Description

Additional production area and a cargo lift

### Total GFA

~59,697 sq ft

### Contract Cost

S\$1.5 million

### Tenant

Presscrete Engineering Pte Ltd

### Completion Date

16 April 2015



## 3 Pioneer Sector 3

### Description

Connection of the existing building to new ramp-up warehouse, façade enhancement and upgrade of building facilities

### Total GFA

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

### Contract Cost

S\$12.4 million

### Tenant

Multi-Tenanted

### Completion Date

27 March 2015



# Ongoing AEI



## 86 International Road

### Description

Building façade upgrade, widening of driveway and relocation of sprinkler pump room

### Total GFA

~84,463 sq ft

### Tenant

Gliderol Doors (S) Pte Ltd

### Contract Cost

S\$2.2 million

### Completion Date

Target 1Q2016



# FY2015 Acquisitions / AEs / Developments Overview

Acquisitions	GFA (sq ft)	Completion	Purchase Price (S\$ million)
3 Tuas South Avenue 4 (40 % interest in Cambridge SPV1 LLP)	~316,000	20 March 2015	11.0 (net asset value)
160A Gul Circle	~86,079	13 May 2015	16.2 (excluding land premium of S\$2.9 million)
<b>Total for 2015</b>	<b>~402,079</b>		<b>27.2</b>

AEs/Developments	Add'l GFA (sq ft)	Completion	Contract Cost / Cost (S\$ million)
21B Senoko Loop (Phase II) (Phase I)	~27,057	16 March 2015	12.8
3 Pioneer Sector (Phase II)	--	27 March 2015	12.4
31 Changi South Avenue 2	~9,052	16 April 2015	1.5
86 International Road	--	1Q2016	2.2
<b>Total for 2015</b>	<b>~36,109</b>		<b>28.9</b>

# Singapore Industrial Real Estate Sector Overview



# Macro-Economic Outlook

## Economic Performance in 2015

- ✓ **Singapore economy grew modestly by 2.1% in 2015**
- ✓ **Inflation declined 0.5%**
- ✓ **Global economy was buoyed by stronger-than-expected economic growth in the US.**
- ✓ **On the other hand, Eurozone's economy remained lacklustre together with a slowdown in China's economy.**

## Economic Outlook for 2016

- ✓ **MTI expects Singapore's economy to grow by 1.0% to 3.0%**
- ✓ **Economic growth is expected to come from domestically-oriented sectors such as business services sector**
- ✓ **Inflation is expected to stay between -0.5% to 0.5%**
- ✓ **Subdued global economic conditions and prolonged weakness in commodity prices are expected to continue to weigh on the manufacturing sector**

*Source: DTZ Consulting and Research, February 2016*

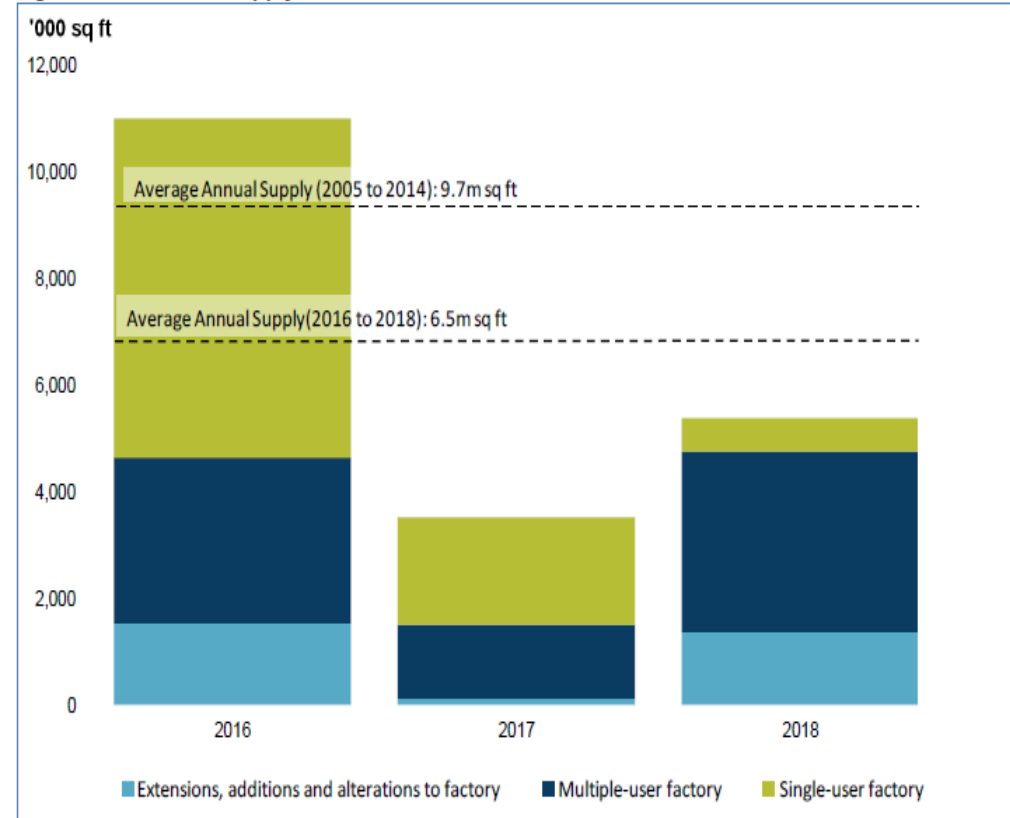


# Factory Property Market

## Supply of Factory Space

- ✓ **Approx. 19.8m sq ft (NLA) of private factory space will be completed between 2016 and 2018**
  - ✓ This is significantly below the 10 year average annual supply of 9.7m sq ft
- ✓ **7.9m sq ft of private factory space are multiple user factories**
  - ✓ Out of which 6.9m sq ft (89%) are strata-titled for sale, with units less than 5,000 sq ft
- ✓ **These segments however are not direct competition for CIT's leasing strategy**

Figure 4.2: Potential Supply



Source: DTZ Consulting & Research, February 2016

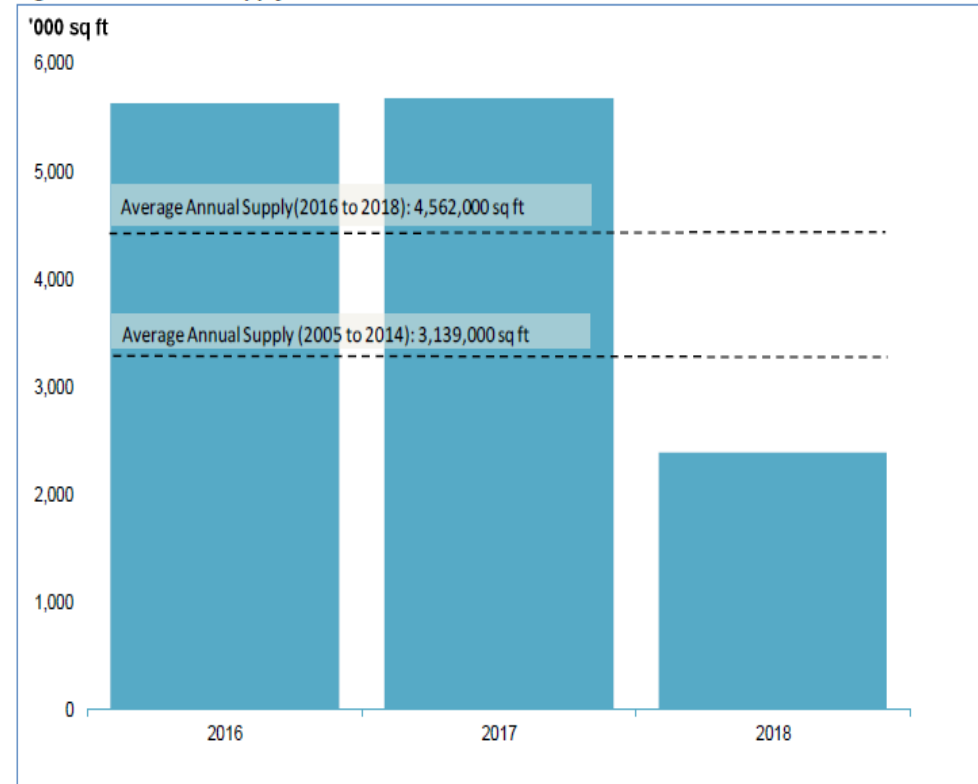
Source: DTZ Consulting and Research, February 2016

# Warehouse Property Market

## Supply of Warehouse Space

- ✓ **Approx. 13.7m sq ft (NLA) of private warehouse space is in pipeline between 2016 to 2018**
  - ✓ This is higher than the 10 year average annual supply of 3.1m sq ft
- ✓ **10.4m sq ft of pipeline supply is predominantly single user warehouse**
  - ✓ This includes facilities developed by major logistics players
- ✓ **E-commerce segment gaining traction**
  - ✓ Players are moving towards online and offline retail experiences allowing potential opportunities of the warehousing sector in Singapore

Figure 5.2: Potential Supply



Source: DTZ Consulting & Research, February 2016

Source: DTZ Consulting and Research, February 2016



# Appendix

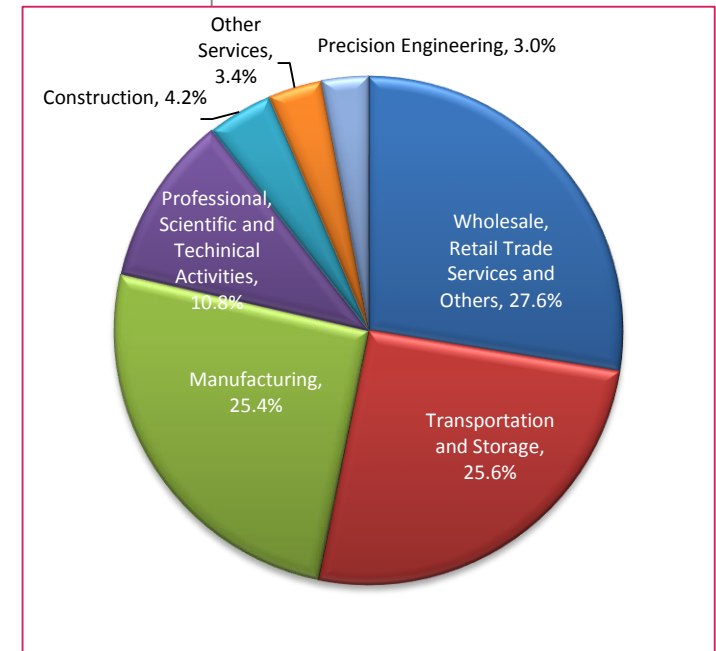
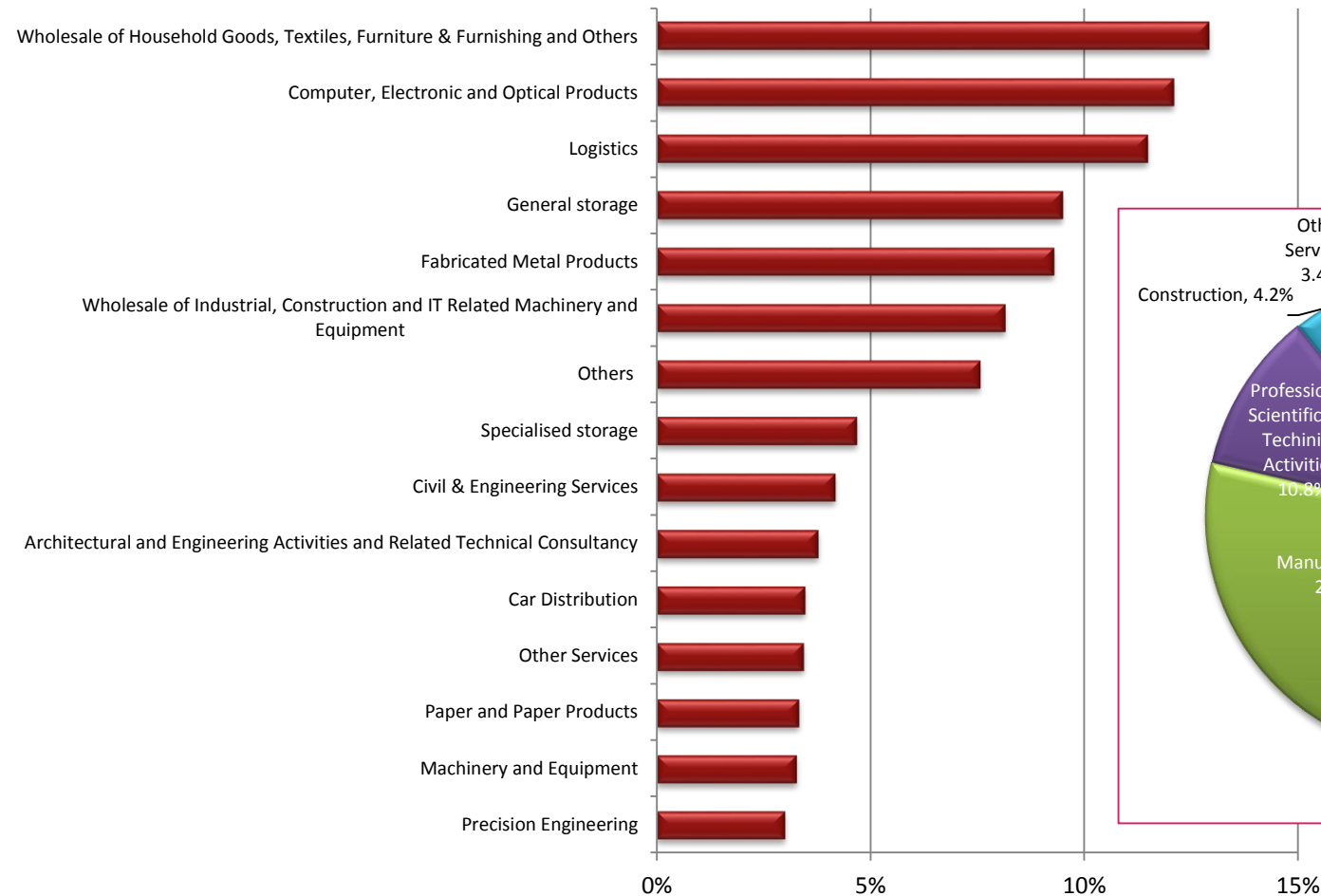


# Diversified Tenant Base and Trade Sector

## Tenant Classification (Sub Sectors)

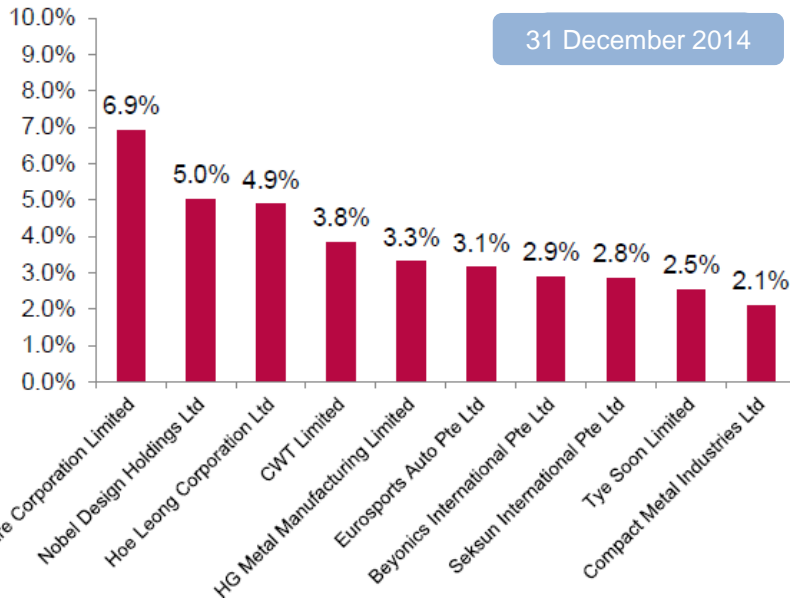
By Gross Revenue

## Tenant Classification Main Trade Sectors

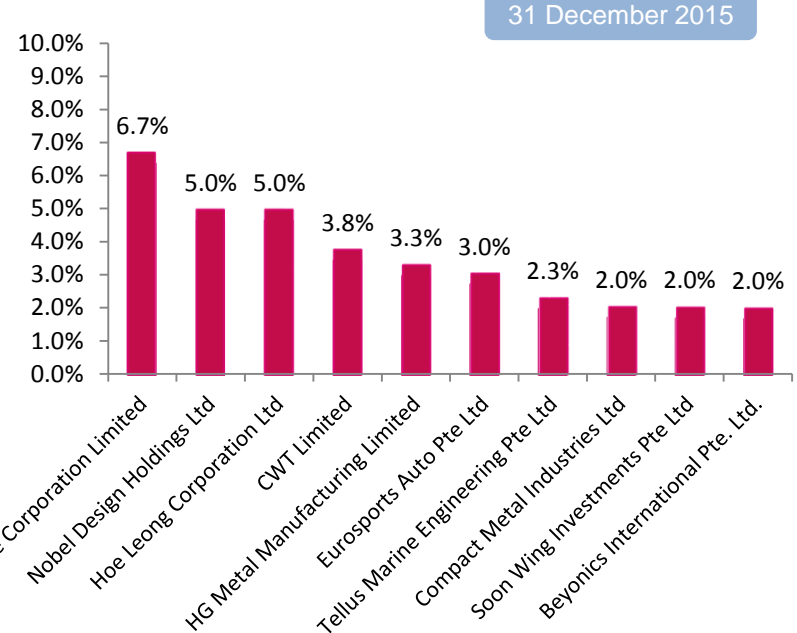


# Quality and Diversified Tenant Base

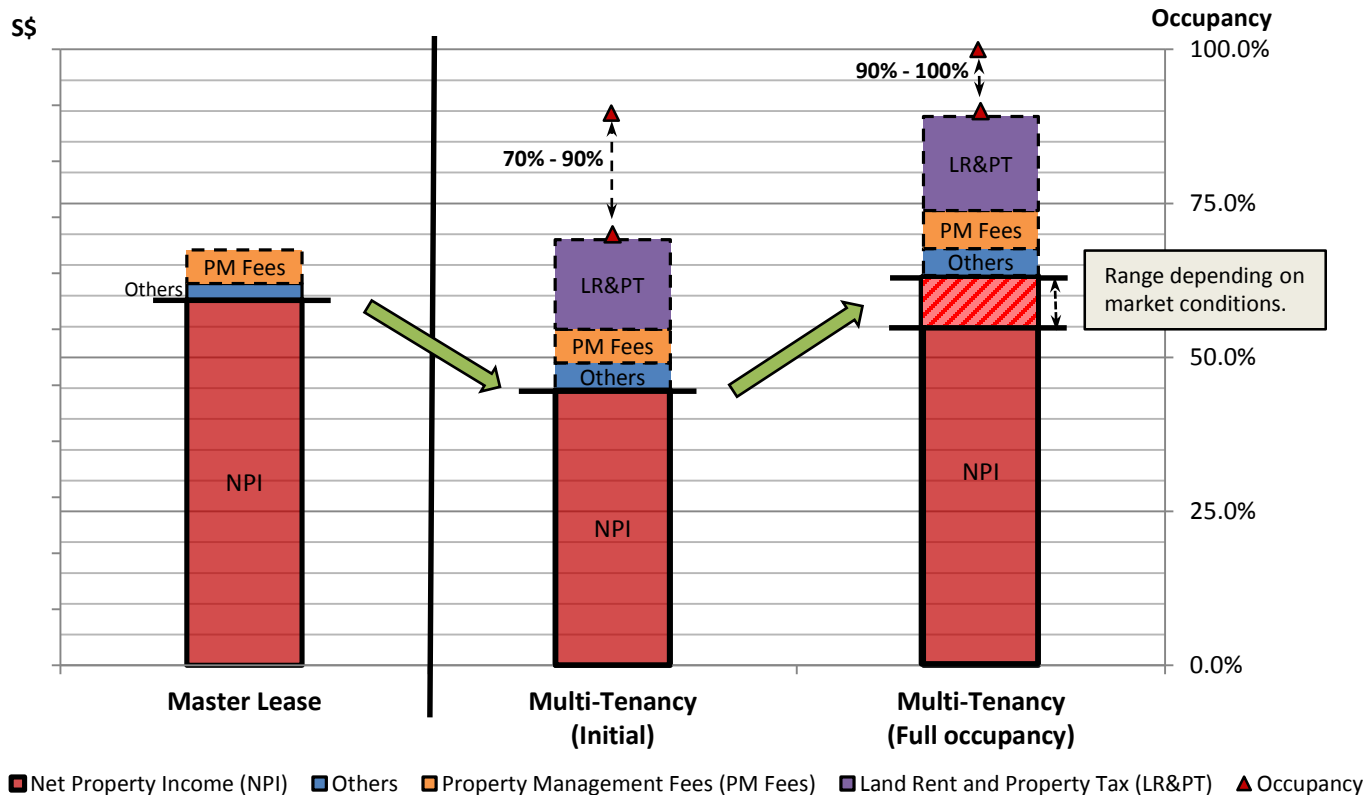
Top 10 Tenants Account for ~37.3% of Rental Income



Top 10 Tenants Account for ~35.1% of Rental Income

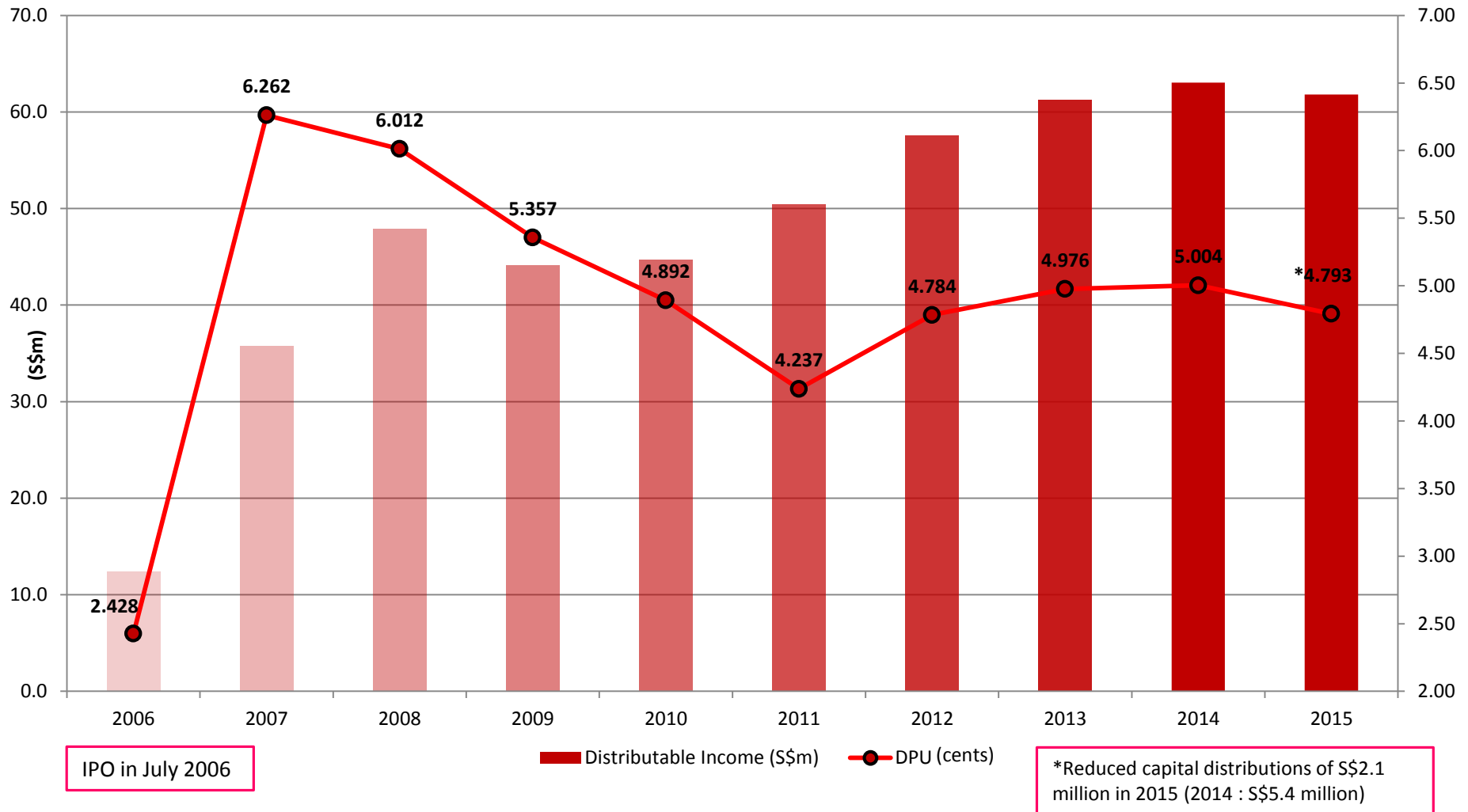


# Illustration of Short-Term and Long-Term Effects of Conversion of Master Leased Property to Multi – Tenancy Property



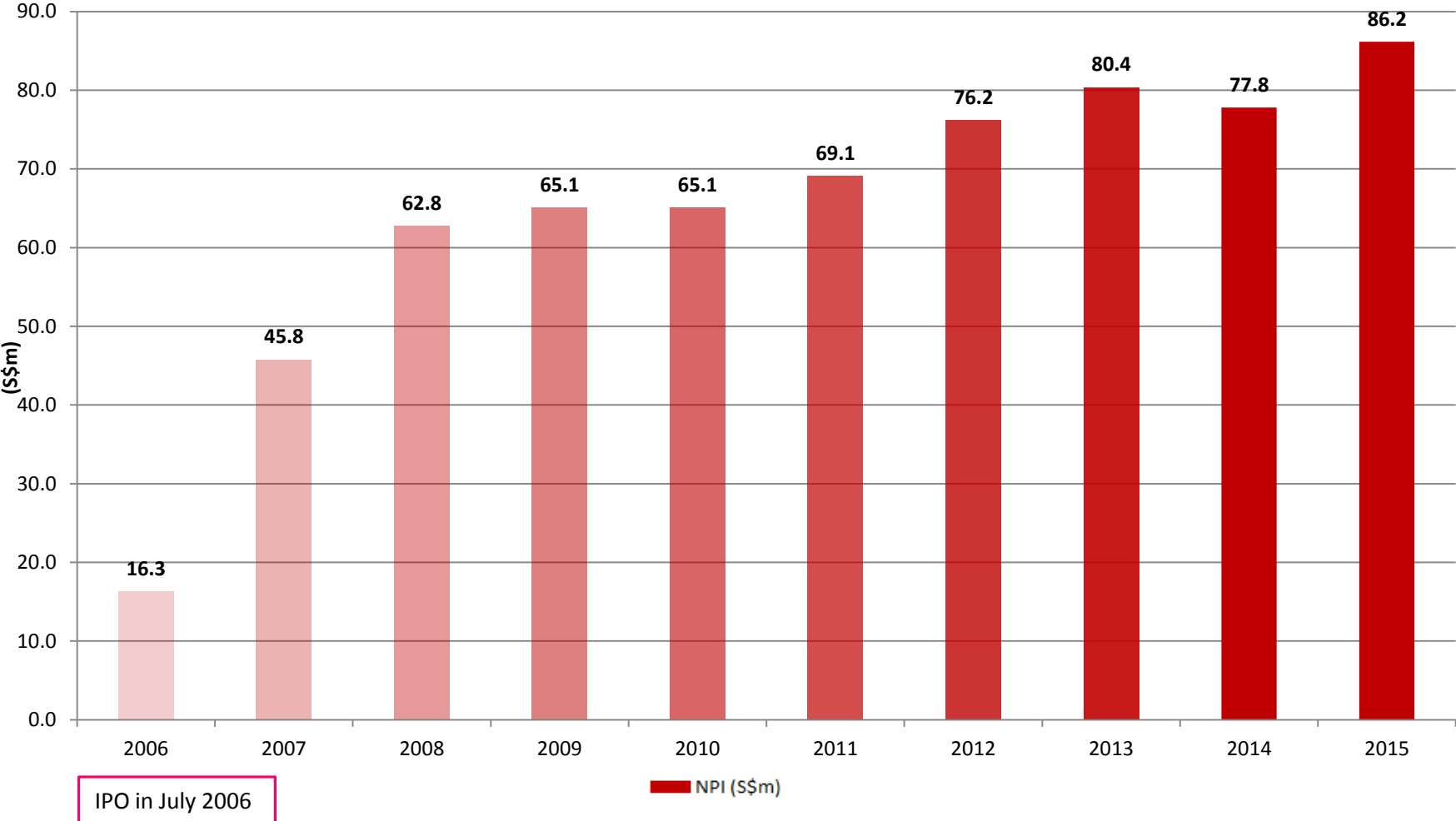
- ✓ During the initial conversion period, NPI decreases, due to (a) temporary drop in occupancy, (b) loss in efficiency from subdivision of space and renovations and (c) bearing additional property related expenses.
- ✓ However, in the long run and as occupancy normalises, the overall NPI is expected to gradually increase with built-in rental escalations in our committed rents, subject to market conditions
- ✓ With approximately 13% of CIT's portfolio due for lease renewal in 2016, the illustration provides background on the anticipated effects on NPI in the initial stages of conversions

# Distributable Income and Distribution Per Unit (DPU)



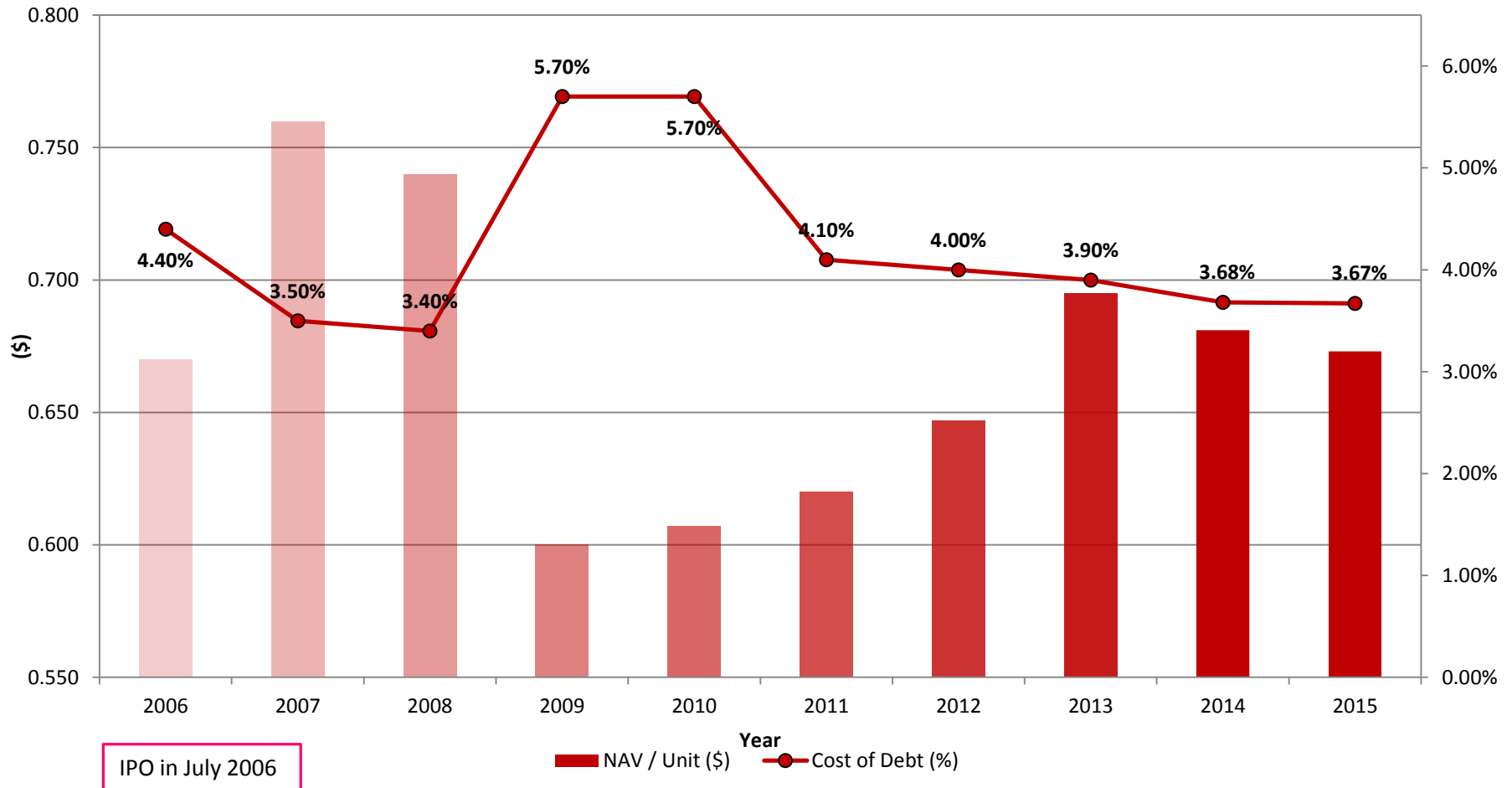


# Net Property Income (NPI)



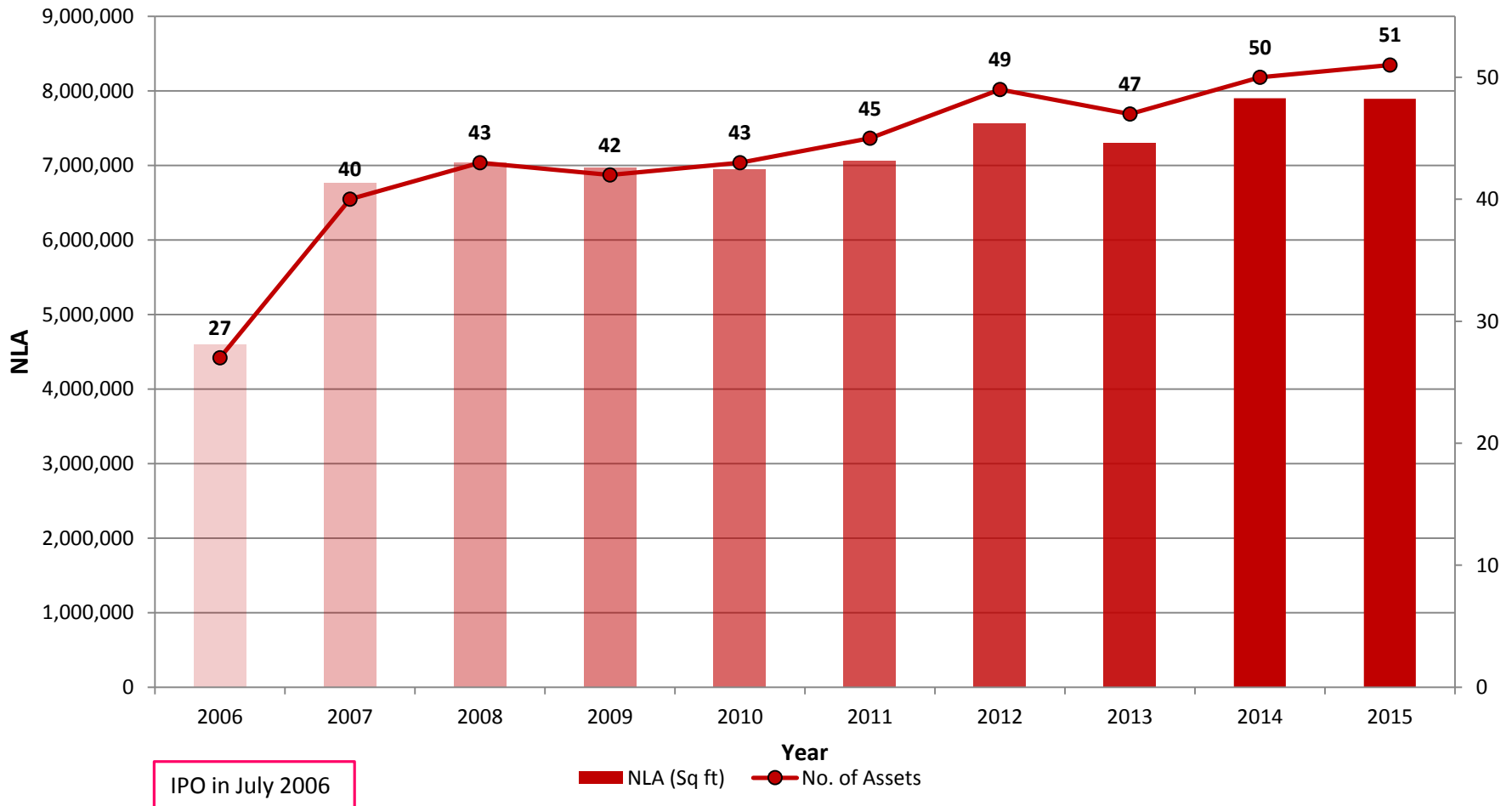
# Net Asset Value (NAV) per unit and Cost of Debt

✓ Prudent cost-of-debt management



# Net Lettable Area (NLA) and Number of Assets

✓ Consistent increase in NLA and Assets since IPO



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**This material shall be read in conjunction with CIT's results announcements for the financial period ended 31 December 2015.**

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# Further Information

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