

Cambridge Industrial Trust

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Content

- Company Background
- Industry Overview
- Valuation
- Risk
- Q&A



Company Background

Building On
Our Commitments

Company Background

- Officially Listed on SGX-ST on 25 July 2006
- Portfolio of 45 properties and 2 built-to-suit projects at total book value of 1.027 billion as at 31 Dec 2011
- Properties comprised 657,777 sq metres
- Total Tenants: 161
- Occupancy: 98.5%

Obtained from Annual Report 2011

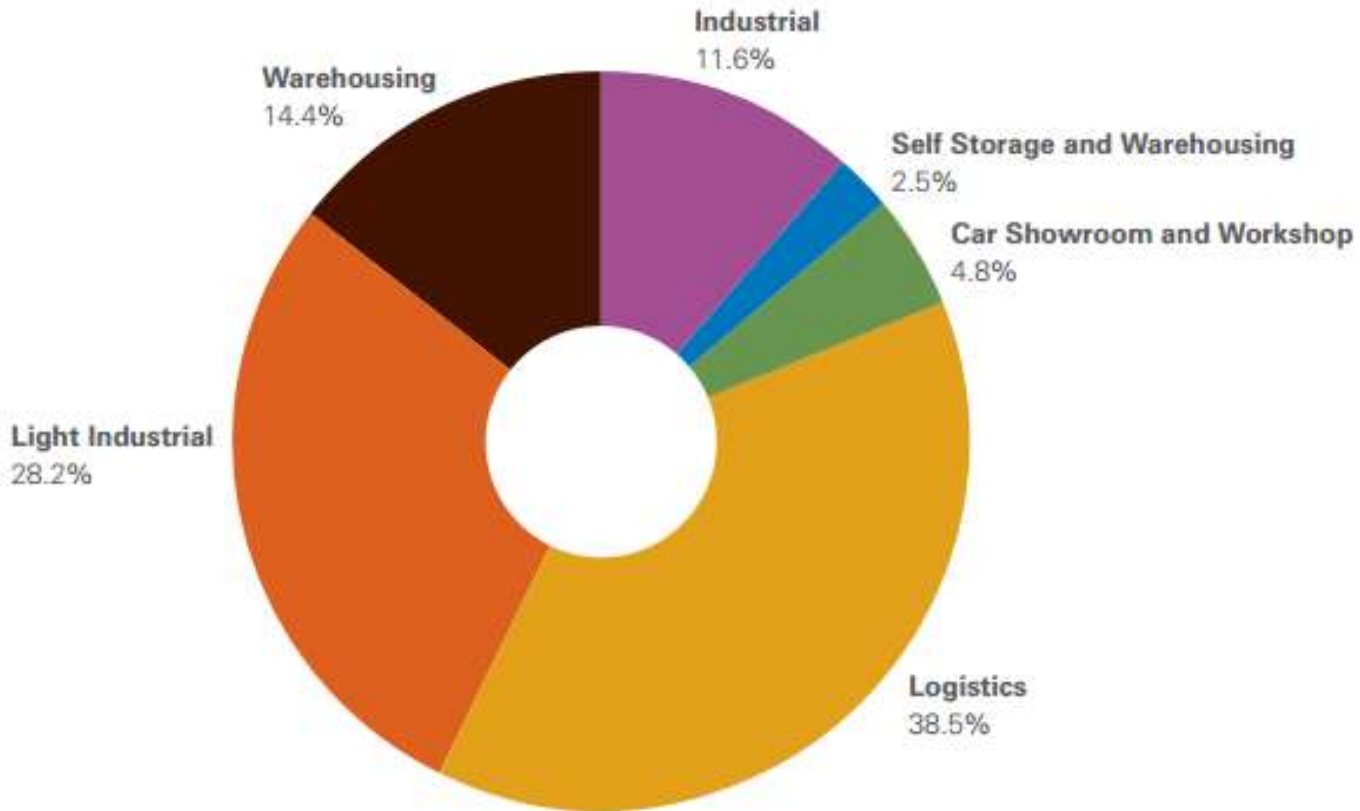
Company Background

◉ Investment Strategy

- Real estate used mainly for industrial purposes
- Investment made in Singapore and Asian markets
- Generally long term investments

Obtained from Annual Report 2011

Company Background



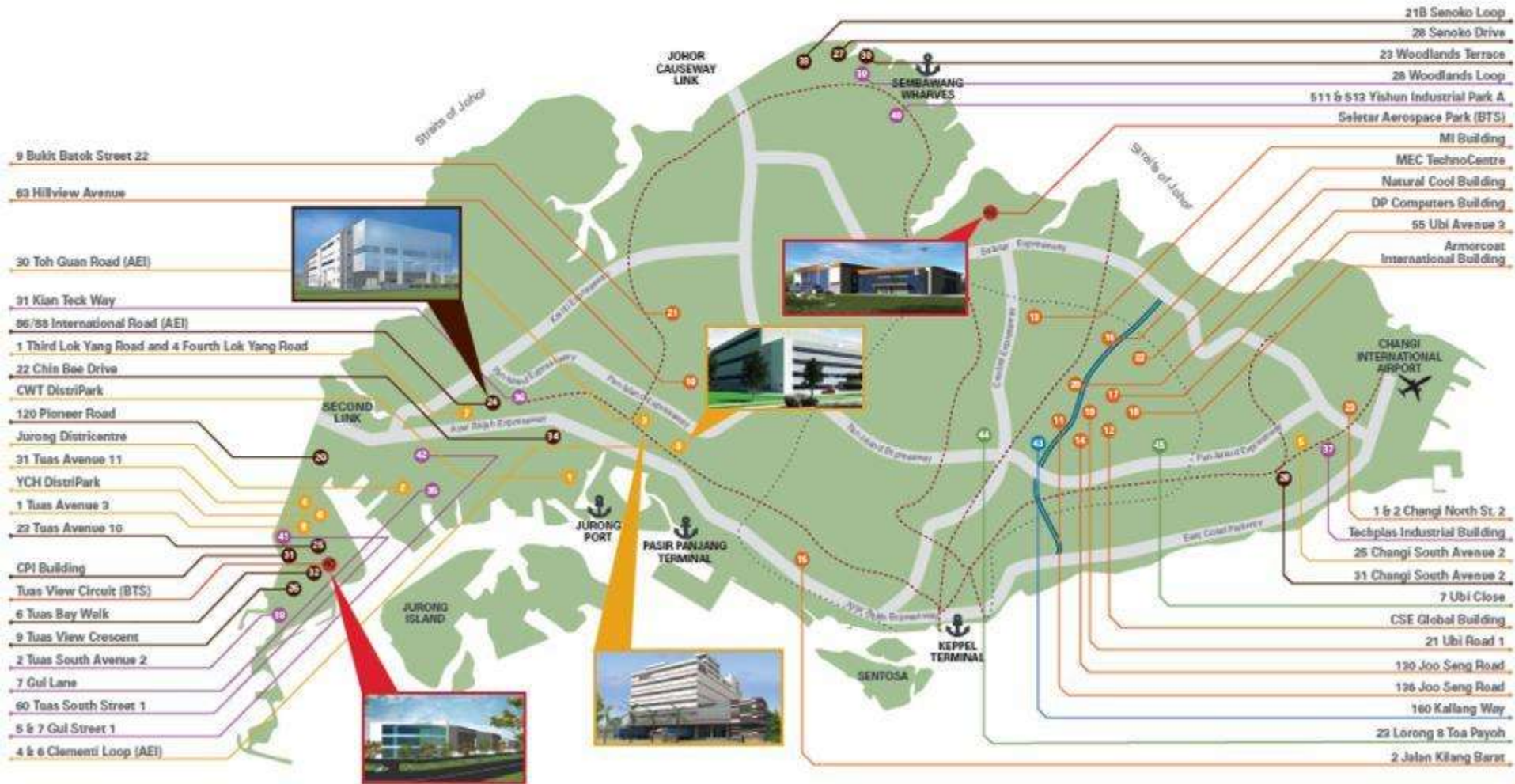
Sub-sector Rental Contribution
Source: Annual Report 2011

Property Locations

LEGENDS

- Logistics Properties
- Light Industrial Properties
- Warehousing Properties
- Industrial Properties
- Built to Suit Properties
- Self Storage and Warehousing Property
- Car Showroom and Workshop Properties

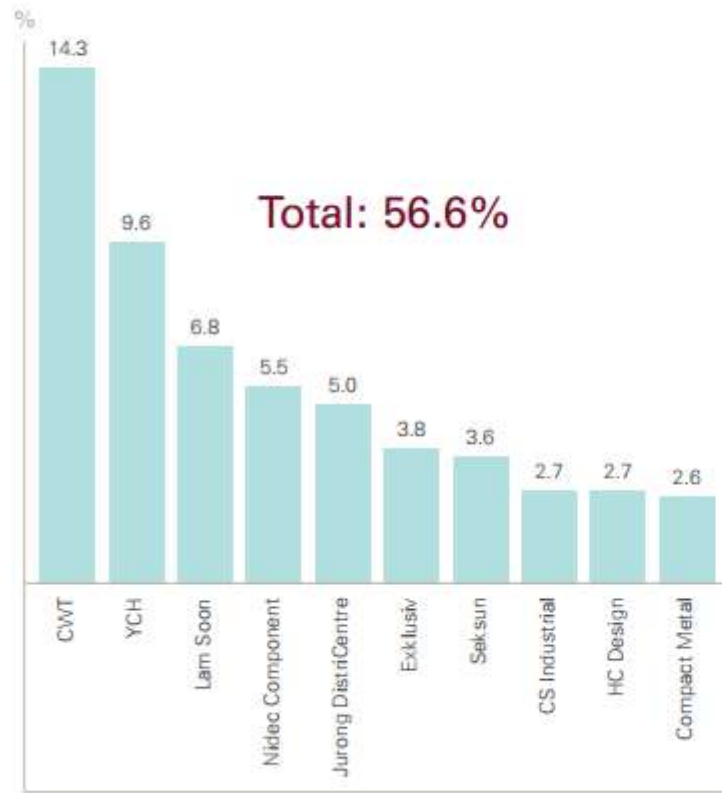
- Major Highways
- MRT Routes
- Ports
- Circle Line
- KPE (Kallang/Paya Lebar Expressway)
- Airports



Company Background

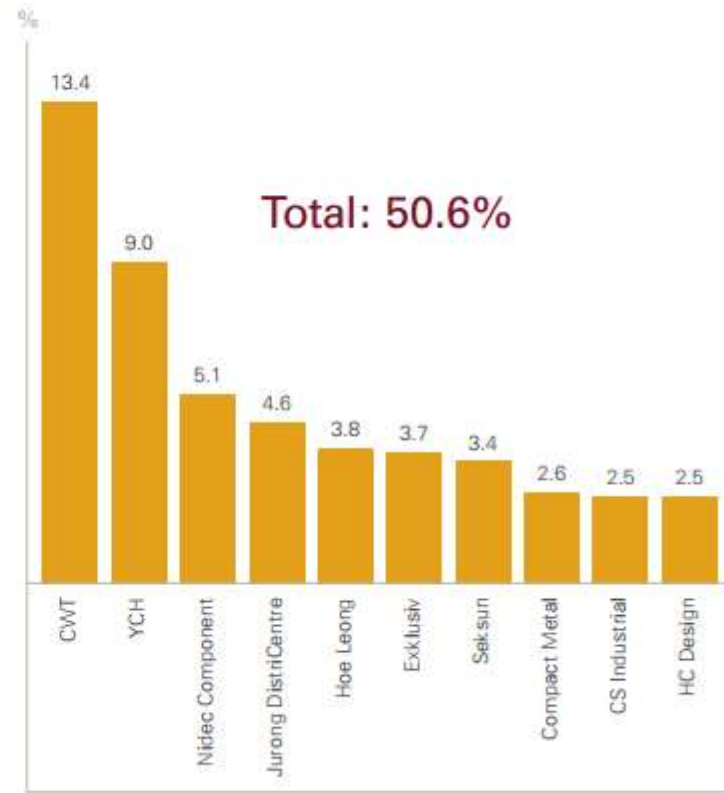
Top 10 Tenants (as % of Gross Rent)

As at 31 December 2010



Top 10 Tenants (as % of Gross Rent)

As at 31 December 2011



Top 10 Tenants

Souce: Annual Report 2011

Company Profile

○ Changes to Properties

Property	Purchase Consideration	Status
4 & 6 Clementi Loop	S\$40.0 million	Completed in June 2011
60 Tuas South Street 1	S\$6.4 million	Completed in June 2011
5 & 7 Gul Street 1	S\$14.5 million	Completed in July 2011
Built-to-suit at Tuas View Circuit	S\$13.2 million	Targeted to complete in 2nd half 2012
Built-to-suit at Seletar Aerospace Park	S\$8.7 million	Targeted to complete in 2nd half 2012
3C Toh Guan Road East	S\$35.5 million	Completed in January 2012

Source: Annual Report 2011

Company Background

○ Changes to Properties:

- Divested 48 Toh Guan Road East (Enterprise Hub) @ 24.2 Mil
 - Profit of 2.2 Mil
 - Loss on Income: 3 Mil/ Year
- Divested 7 Ubi Close (Car Showroom) @ 18.7 Mil
 - Loss of 1.8 Mil
 - Loss on Income: 2.5 Mil/Year

Company Background

- SLA Compulsory Acquisition (Effective Jan 2013)
 - 1 Tuas Avenue 3
 - Purchase Consideration: 32.7 Mil
 - Valuation: 29.2 Mil
 - Rental Income: 2.8 Mil
 - 30 Tuas Road
 - Purchase Consideration: 73 Mil
 - Valuation: 72.4 Mil
 - Rental Income: 6 Mil

Changes to Properties

Location	Gain/ (Loss) of Rental	Changes in Cash
4 & 6 Clementi Loop	S\$ 3.8 M*	S\$ (40 M)
60 Tuas South Street 1	S\$ 0.7 M*	S\$ (6.4 M)
5 & 7 Gul Street 1	S\$ 1.3 M*	S\$ (14.5 M)
3C Toh Guan Road East	S\$ 3.5 M*	S\$ (35.5 M)
Toh Guan Road East	S\$ (3 M)	S\$ 24.2 M
7 Ubi Close	S\$ (1.8 M)	S\$ 18.7 M
1 Tuas Avenue 3**	S\$ (2.8 M)**	S\$ 29.2 M**
30 Tuas Road**	S\$ (6 M)**	S\$ 72.4 M**
Tuas View Circuit	-	S\$ 13.2 M
Seletar Aerospace Park	-	S\$ 8.7 M
TOTAL	S\$ (4.3 M)	S\$ 70 M

* Rental Income extrapolated from FY2011

** To be acquired in Jan 2013

Company Background

- Upward Rent Reviews:
 - 17.8% of its portfolio (9 Properties) had upward rent review of 1.5% to 5% in 2011

Company Background

- Management Changes

- Hired Michael Long
- New Position: Development Manager
- May indicate REIT's interest in Development & Asset Enhancement projects

Industry Overview



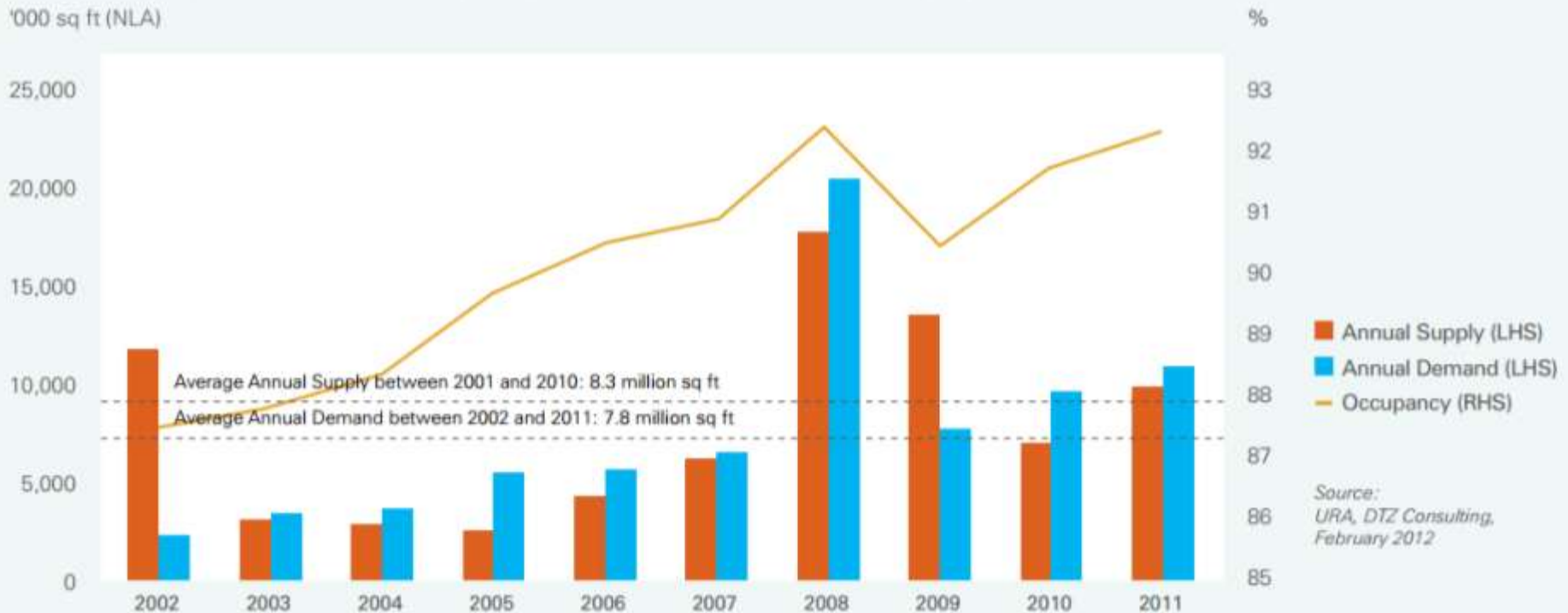
Industry Overview

○ Residential Property Measures

- Property cooling measures to residential properties
- Real estate investors may channel their interest towards industrial property market

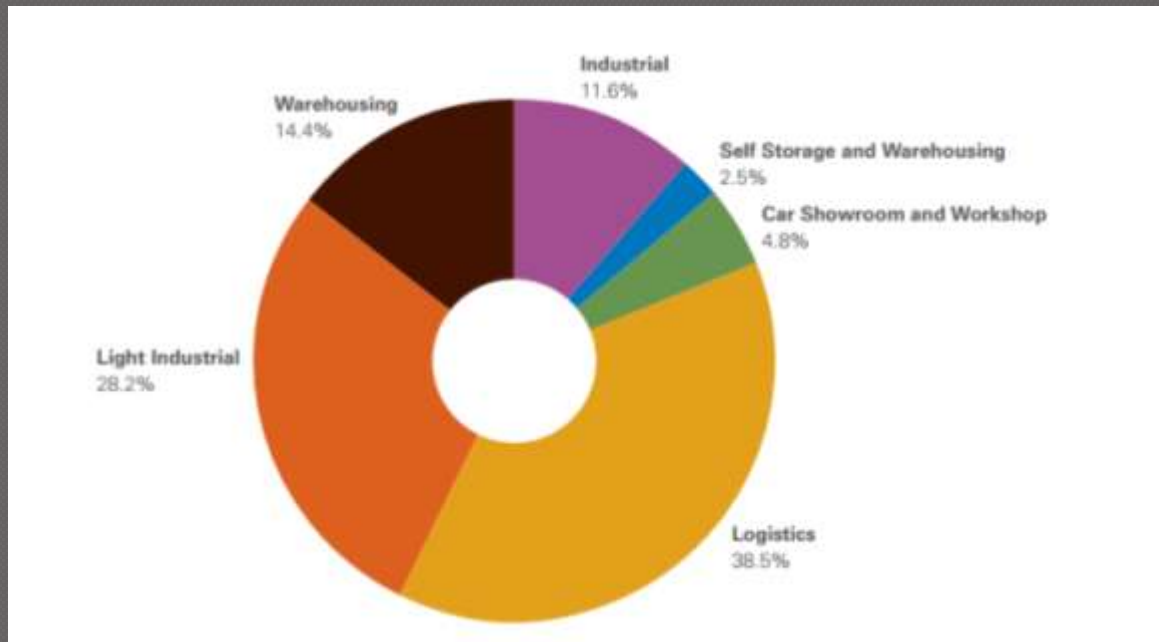
Industry Overview

Supply, Demand of Private Factory Space



Industry Overview

- Secondary Industry
 - Manufacturing
 - Transport and Storage
 - Wholesale



Source: Annual Report 2011

Industry Background

○ GDP Growth: 5.42%

Sector	2010 % Growth	2011 % Growth
Manufacturing	29.7%	9.4%
Transport & Storage	6%	4.5%
Wholesale	8.9%	11.4%

Source: Department of Statistics Singapore



Valuation

Valuation

○ Methodology

- Dividend Discount Model
 - Revenue Model
 - Estimate Expenses
 - Estimate Payout
- Dividend Yield Comparison
 - Peer Comparison
 - Other Industrial/Logistics REITs

Trading Data

Price	0.515
Avg Vol (3m):	1,881,440
52wk Range:	0.40 - 0.57
Market Cap:	612.43M

Source: Yahoo Finance

Valuation – DDM

Description(\$m)	FY2011	FY2012E	FY2013E	FY2014E	FY2015E
Logistics	30.00	33.27	25.07	26.23	27.44
Light Industrial	23.40	24.59	25.83	27.14	28.52
Warehousing	13.10	13.23	13.36	13.50	13.63
Industrial	8.60	9.87	9.98	10.10	10.22
Self Storage & Warehousing	2.10	2.12	2.14	2.16	2.19
Car Showroom & Workshop	3.90	4.90	4.90	4.90	4.90
Adjustment	-0.73	0.00	0.00	0.00	10.00
Gross Revenue	80.37	87.98	81.29	84.03	96.90

Valuation – DDM

Description(\$m)	FY2011	FY2012E	FY2013E	FY2014E	FY2015E
Gross Revenue	80.37	87.98	81.29	84.03	96.90
Property Expenses	11.26	12.32	11.38	11.76	13.57
Manager's Fees	5.33	5.72	5.28	5.46	6.30
Trust Expenses	1.82	1.85	1.71	1.76	2.03
Borrowing Costs	26.22	28.15	26.01	26.89	31.01
Income for Distribution	35.74	39.94	36.91	38.15	43.99
Adjustment	14.66	11.00	11.00	11.00	11.00
Net Income for Distribution	50.40	50.94	47.91	49.15	54.99
<u>Distributions to Unitholders</u>	<u>43.07</u>	<u>50.94</u>	<u>47.91</u>	<u>49.15</u>	<u>54.99</u>

Valuation – DDM

STI 3Yr Annualised:	10.70%
SGS 10Yr Bond Yield:	1.65%
Beta:	0.723
Equity Required Rate :	8.19%
Terminal Growth Rate	1.00%
Total Units	1189.20

Valuation – DDM

Description(\$m)	FY2010	FY2011	FY2012E	FY2013E	FY2014E	FY2015E
<u>Distributions to Unitholders</u>	<u>50.96</u>	<u>43.07</u>	<u>50.94</u>	<u>47.91</u>	<u>49.15</u>	<u>54.99</u>
Discounted Value			47.08	40.92	642.46	
<u>NPV</u>		730.47				
Total Units		1189.20				
<u>Fair Value</u>		0.61				

Valuation – Peer Comparison

Peers	Price	DPU/ Year	Dividend Yield
AIMS Amp Capital	1.1	0.1133	10.30%
Ascendas REIT	1.98	0.1405	7.10%
Cache Logistics	1.01	0.0836	8.28%
Mapletree Industrial Trust	1.145	0.0865	7.55%
Mapletree Logistic Trust	0.94	0.0713	7.59%
Sabana Shariah	0.945	0.091	9.63%
Cambridge REIT	0.515	0.0486	9.44%
Average:			8.55%
<u>Fair Value of Cambridge REIT</u>			<u>0.57</u>

Valuation – Conclusion

Fair Value by DDM	0.61
Fair Value by Peer Comparison	0.57
Market Value As at <u>03 May 2012</u>	0.515



Risks

Risks

- Signs of company venturing into Property Development
 - Expect volatility in earnings
 - Need time to acquire tenants
- Company showing signs of venturing to Properties outside Singapore
 - May lack expertise and connections to have a profitable venture

Risks

- High occupancy rate (98.5%)
 - National Average: 93.4%
 - Shows lack of potential for rental revenue
- SLA's compulsory land acquisition
 - 30 Tuas Road (YCH DistriPark) rented by YCH, 2nd largest contributor of rental income
- High cash holding (Potential Opportunity?)
 - \$78.76M as at 09 Apr 2012

Risks

- Default Risk - Low

- Current Ratio: 10.6
- Interest Coverage: 5.6
- D/E Ratio: 0.5
- Loans Maturing this year: S\$ 0
- Cash: S\$ 78.8 M

- Rights issuance actions in past 2 years

- Investors may face unit dilution

Q&A

