

CIT has  
a diversified  
portfolio of

**43**  
PROPERTIES

**BUILD TRUST**  
**DELIVER VALUE**

*More about Chairman's & CEO's Message on page 4.*

FY2010  
Distributable  
Income

**\$44.7**  
MILLION

Portfolio  
Occupancy  
Rate

**98.97%**



## MISSION & VISION

Cambridge Industrial Trust is firmly committed to providing its Unitholders with a stable and secure income stream, with the intention to deliver long-term capital growth, through pro-active management of its property portfolio.



### LOGO RATIONALE:

- Contemporary icon contrasted with traditional serif font
- Spaced out uppercase letters show strength and stability
  - The icon is reflective of a steel chequer plate; a timeless symbol which teams contemporariness with strength, security, safety and stability
  - Colour palette is dignified showing strength, leadership and determination

 **CAMBRIDGE**  
INDUSTRIAL TRUST

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Information correct at time of  
going to print.



# The Value of Trusted Partnerships





TESTIMONY FROM

**Mr Tan Tiong Seng** *Managing Director*  
*SLS BEARINGS(S) PTE LTD*

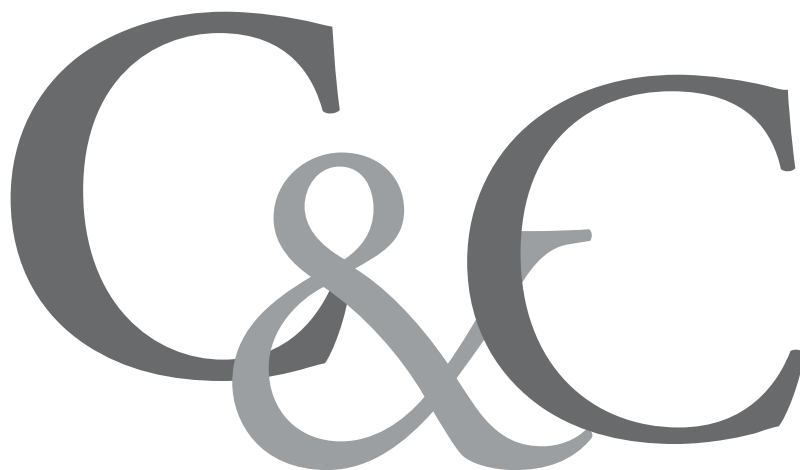
*'A Loyal Customer of Cambridge Industrial Trust since 2006.'*

**“Since 2006, SLS Bearings has been enjoying a strong tenant relationship with CIT management. This partnership is driven by the team’s commitment and understanding of our business imperatives. In doing so, we have benefitted from their pro-active management as well as support for our leasing requirements. I am delighted to have had extended our Singapore Headquarter Office at 31 Tuas Avenue 11 with CIT for another five years till 2018. I am confident that our partnership with CIT management will continue to strengthen.”**



**DR CHUA YONG HAI**  
INDEPENDENT CHAIRMAN

**CHRIS CALVERT**  
CHIEF EXECUTIVE OFFICER AND  
EXECUTIVE DIRECTOR



## CHAIRMAN'S & CEO'S LETTER TO UNITHOLDERS

ON BEHALF OF THE BOARD OF DIRECTORS OF CAMBRIDGE INDUSTRIAL TRUST MANAGEMENT LIMITED, THE MANAGER OF CAMBRIDGE INDUSTRIAL TRUST ("CIT"), WE ARE PLEASED TO PRESENT TO YOU THE ANNUAL REPORT FOR THE FINANCIAL YEAR 2010 ("FY2010").

### Dear Unitholders

#### HIGHLIGHTS OF FY2010

2010 was a positive year for the industrial real estate sector in Singapore. Improved fundamentals, increased investor interest and the strong performance of Singapore's economy resulted in the industrial property sector delivering positive capital and rental growth. The listings of several large industrial REITs on the Singapore Exchange Securities Trading Limited ("SGX") during the year also helped raise the profile of the sector.

Against this backdrop, 2010 was a very active year for CIT. The Trust recommenced its acquisition programme, acquiring new assets designed to enhance and improve the quality of CIT's portfolio, resulting in the total assets of CIT increasing to S\$1.0 billion. The Manager also implemented several asset enhancement initiatives and various lease extensions. This positively contributed to maintaining CIT's weighted average lease expiry at above four years, and smoothed out the rolling lease expiry profile. More specifically, the combined lease expiry concentration in 2013/2014 reduced from 70% (by income) as at 31 December 2009, to 55% (by income) as at 31 December 2010.

Several capital and risk management initiatives were also implemented to strengthen the Trust's financial flexibility. These included selling a number of non-core assets and using the net proceeds to retire debt, securing a new S\$50.0 million 3-year acquisition term loan facility at an all-in debt cost of approximately 3.0% per annum, as well as implementing a distribution reinvestment plan, as a means of generating additional cash for

CIT in a cost effective manner. These initiatives contributed to a reduction in the Trust's gearing ratio to 33.4%<sup>1</sup>, compared with 42.6% as at 31 December 2009, while importantly, diversifying the CIT debt expiry profile.

In August 2010, the Manager completed a private placement which raised approximately S\$40.0 million, to part fund the acquisition of two high quality industrial properties for a total purchase consideration (including acquisition costs) of S\$37.7 million. In November 2010, the Manager completed a further equity fund raising of approximately S\$50.4 million through a private placement and preferential offering. This was to part fund the acquisition of four additional high quality industrial properties for a total purchase consideration (including acquisition costs) of S\$74.3 million. Two of those acquisitions, which were under a memorandum of understanding at the time of the equity raise, have now subsequently been committed via put and call options. Importantly, the latter acquisition involves a built-to-suit development. This is an exciting opportunity for CIT as it represents the Trust's first development project that can provide the Trust with a new avenue for growth and enhanced value to our Unitholders.

#### DELIVERING VALUE AND STABLE PERFORMANCE IN FY2010

CIT delivered another year of stable financial results in FY2010. It registered gross revenue of S\$74.2 million, a slight drop of 0.3% compared to the financial year 2009. However net property income remained stable at S\$65.1 million, despite the drop in income earned due to the divested non-core properties.

<sup>1</sup> Gearing was reduced from 42.6% as at 31 December 2009 to 34.7% as at 31 December 2010. A further repayment of S\$20.0 million was made on 17 February 2011, reducing gearing to 33.4%.

## CHAIRMAN'S & CEO'S LETTER TO UNITHOLDERS CONTINUED

# 4.892¢

## FY2010 DPU

# S\$1.0 billion

## TOTAL ASSETS

Total net income available for distribution increased by 1.3% to S\$44.7 million, although distribution per unit fell by 8.7% to 4.892 cents, a result of the increased issuance of units from the equity fund raising exercises, and the time lag between receiving the funds and completing the acquisitions, the latter being the date from which the Trust began receiving rental contributions.

As at 31 December 2010, CIT's portfolio was revalued upwards by 5.7% to S\$928.5 million by Colliers International Consultancy and Valuation (Singapore) Pte Ltd, increasing the net asset value ("NAV") per unit to 60.7 cents.

### BEING A RESPONSIBLE CORPORATE CITIZEN

We are committed to ensure that the Manager's goal of building the Trust extends beyond delivering financial performance. While the Manager's key objective is to generate superior returns for CIT's Unitholders, corporate social responsibility has become an increasingly important priority.

During FY2010, we continued to support community programmes such as the Habitat for Humanity, and the Captain Courageous Bone Marrow Failure Research. We will continue to support meaningful community and charitable causes to demonstrate our commitment to helping those less fortunate.

### OUTLOOK FOR 2011

After a year in which Singapore's GDP expanded by 14.5%, the Ministry of Trade and Industry is forecasting a more modest growth outlook of between 4.0 to 6.0% in 2011<sup>2</sup>.

We expect that industrial property will, as a result, continue to enjoy modest rental and capital value growth, 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, the Manager remains cautious as downside risks such as the proliferation of the Eurozone debt crisis, political unrest in the North African and Middle East region, and rising inflation remain. These risks may threaten the global economy, and consequently affect Singapore's economic growth, which in turn may have negative implications on the real estate sector.

In line with the Trust's initial offering prospectus, as part of its commitment to enhance the quality of CIT's portfolio, the Manager will continue to source quality assets at attractive valuations in Singapore and may also consider such assets in other Asian countries, subject to investment opportunities and market conditions. This will not only increase, but also diversify CIT's portfolio, thereby deriving economies of scale as a result of an enlarged portfolio.

In addition, the Manager will also continue its strategy of actively seeking and implementing asset enhancement initiatives, to increase the intrinsic value of CIT's asset base, and improve the quality and stability of the Trust's rental income. An active lease management strategy will also seek to reduce tenant concentration risk, and extend the lease expiry profile of its tenant base.

### A WORD OF APPRECIATION

We were very pleased to note that many of our Unitholders took valuable time to attend the Annual General Meeting ("AGM") last year. We again encourage all Unitholders to attend the AGM to be held on 27 April 2011, and look forward to having an active and meaningful dialogue with you. Your strong and unwavering support over the year is indeed much appreciated. We seek your continued support in 2011 and look forward to reporting to you next year.

We would also like to take this opportunity to thank our Trustee, as well as our strategic partners, lenders and tenants for their continued support over the year. Last but not least, the dedication, hard work and professionalism of the board of directors and the management and staff, so essential to the success of CIT, are also well appreciated.



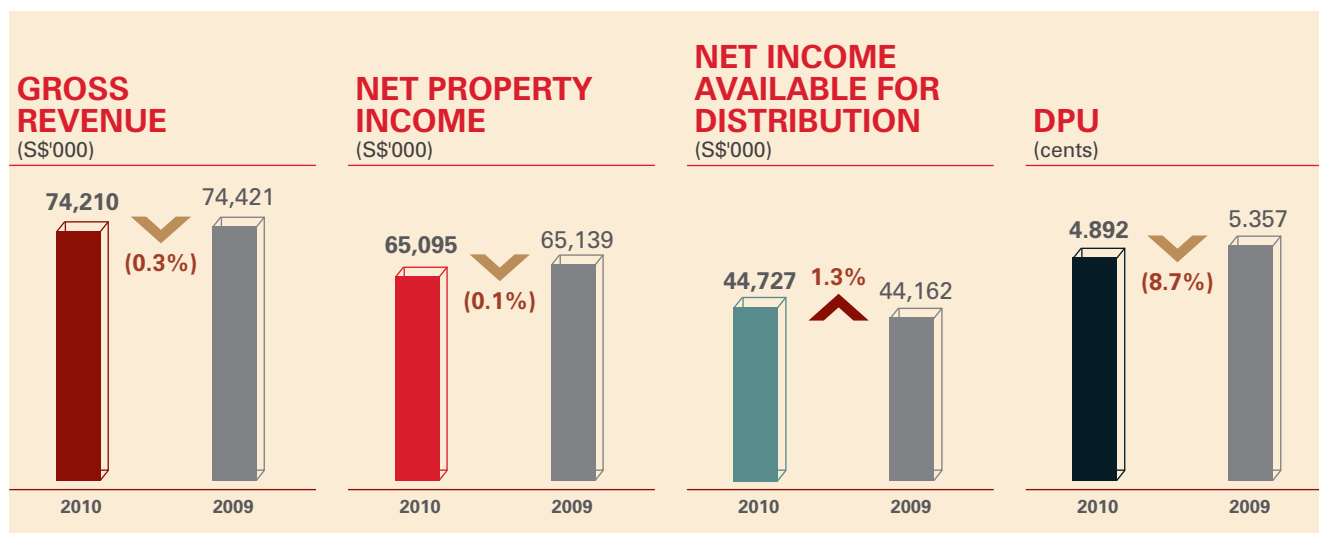
**DR CHUA YONG HAI**  
Independent Chairman



**MR CHRIS CALVERT**  
CEO and Executive Director

# FINANCIAL HIGHLIGHTS

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2010



Balance Sheet	2010	2009
	S\$'000	S\$'000
Total assets	1,000,603	915,419
Total net borrowings	339,191	375,159
Unitholders' funds	642,155	516,352

Key Financial Ratios	2010	2009
Net asset value per Unit	61 cents	60 cents
Gearing ratios <sup>1</sup>	34.7%	42.6%
Weighted average effective interest rate (pa) <sup>2</sup>	5.7%	5.7%
Interest cover <sup>3</sup>	4.0 times	4.4 times

Capital Management	2010	2009
Total term loan and overdraft facilities available (in S\$'000)	393,100	390,100
Total outstanding debt (in S\$'000)	347,499	390,100
Units in issue (in '000)	1,057,065	867,546
Market capitalisation (in S\$'000) <sup>4</sup>	560,245	390,396

Trading Statistics for Financial Year Ended 31 December 2010	
Opening price	\$0.445
Highest price	\$0.570
Lowest price	\$0.425
Closing price	\$0.530
Volume weighted average price	0.50
Total volume traded (in million units)	265.5
Average volume per day (in million units)	2.1
Unit Price Performance <sup>5</sup>	29.8%

#### NOTES:

- 1 Computed based on gross debts over total assets.
- 2 Computed based on Syndicated Term Loan of S\$323.1 million and Acquisition Term Loan of S\$24.4 million as at 31 December 2010.
- 3 Computed based on EBITDA excluding gain on disposal of investment properties divided by interest expenses. FY2009 comparative figure was recalculated to enhance comparability.
- 4 Computed based on closing price of S\$0.53 as at 31 December 2010 and S\$0.45 as at 31 December 2009.
- 5 Performance is calculated on the change in the Unit price over the period, based on the closing price of the last day of the preceding period and the closing price of the current period, including the assumption that distributions paid were reinvested at the closing price on the ex-distribution dates.

# Significant Events

## 2010

### FEB 8

#### Distribution Reinvestment Plan ("DRP")

CIT was the pioneering S-REIT introducing a DRP to unitholders for the 4Q2009 distribution at a discounted issue price of S\$0.445. The first CIT's DRP received a healthy take-up rate of approximately 10%.

### APR 21

#### 1Q2010 Financial Results

CITM reported a set of stable financial results for 1Q2010 with a DPU of 1.274 cents, while portfolio occupancy increased to a robust level of 99.9%. This demonstrated the resilience of CIT's lease strength and stable cashflow.

CITM also completed the divestments of 32 strata units at 48 Toh Guan Road East with total gross sale proceeds of S\$21.5 million, exceeding book value by S\$1.6 million.

### APR 23

#### First Annual General Meeting ("AGM") of CIT

CIT held its first AGM and received good support from the institutional and retail Unitholders on the general unit issue mandate and the Distribution Reinvestment Plan. All resolutions put were approved.

### APR 30

#### 1Q2010 DRP

CITM offered the DRP to Unitholders for the 1Q2010 distribution at a discounted issue price of S\$0.493. The 1Q2010 DRP saw an increased take-up rate of approximately 14%.



### JUL 15

#### 2Q2010 Financial Results

CITM delivered stable results for 2Q2010 achieving a DPU of 1.238 cents. Overall, portfolio occupancy increased to a near full level of 99.97%.

CITM completed the divestments of 27 Pandan Crescent, 37 Tampines Street 92 and a further 17 strata units at 48 Toh Guan Road East with total gross sale proceeds of S\$31.3 million, exceeding book value by S\$1.1 million.

CIT's portfolio of properties was revalued as at 30 June 2010, resulting in a total portfolio value of S\$831.1 million and a NAV per unit of S\$0.60.

### AUG 12

#### Private Placement / Acquisition of Properties

CITM launched and completed a private placement of 83.683 million new units in CIT at an issue price of S\$0.478 to raise gross proceeds of approximately S\$40.0 million. The funds raised were used for the acquisitions of two properties, 22 Chin Bee Drive and 1 & 2 Changi North Street 2, which were subsequently completed in September and October 2010 respectively. The private placement was strongly supported by several new and existing institutional investors and high net worth investors.



## OCT 20

### 3Q2010 Financial Results

CITM achieved another set of stable financial results for 3Q2010 with a DPU of 1.187 cents. Overall, portfolio occupancy was maintained at a near full level of 99.97%.

CIT reduced its gearing ratio to approximately 39.0% during 3Q2010. An additional loan repayment of S\$32.0 million was made on 18 November 2010 with gearing further reduced to approximately 36.8%.

CITM also completed a value-adding asset enhancement initiative for the Trust comprising a S\$1.6 million AEI at 1 Third Lok Yang Road/4 Fourth Lok Yang Road for the tenant, YCH DistriPark resulting in an incremental yield of 20.0%.



## OCT 21

### Launch of Equity Fund Raising

*(Private Placement and Preferential Offering)*

CITM launched and completed an equity fund raising comprising a private placement of 56.498 million new units in CIT raising approximately S\$30.0 million and a preferential offering of 38.483 million new units in CIT raising approximately S\$20.4 million. The funds were used to part-finance a total of four properties namely, 25 Tai Seng Avenue, 511 & 513 Yishun Industrial Park A and two potential properties located in the western part of Singapore.

511 & 513 Yishun Industrial Park A were subsequently completed in November 2010.

## JAN 18

CITM announced it received a formal notice from Singapore Land Authority on 11 January 2011 regarding a compulsory acquisition of land. Based on the Manager's initial assessment, three of CIT's 43 properties will be affected to varying degrees by this land acquisition – 30 Tuas Road, 120 Pioneer Road and 1 Tuas Avenue 3. The total land area for the compulsory land acquisition is 58,439 metres square or approximately 12.8% of the portfolio.

CIT is entitled to receive compensation based on the market value of the acquired land as at the date of publication of the notification of acquisition (i.e. 11 January 2011), and any applicable costs and damages as provided for in the Land Acquisition (Amendment) Act 2007.



## FEB 10

### 4Q2010/FY2010 Financial Results

CITM registered another set of stable results for FY2010, delivering a DPU of 4.892 cents. Overall, portfolio occupancy maintained at a near full level of 98.97%.

CIT's gearing was further reduced to 34.7% as at 31 December 2010, using divestment proceeds to make loan prepayments. A further prepayment of S\$20.0 million was made on 17 February 2011 to further reduce gearing to 33.4%.

CIT's portfolio of properties was revalued as at 31 December 2010, resulting in a total portfolio value of S\$928.5 million and a NAV per unit of S\$0.61.

## MAR 2 & 7

### Refinancing

CIT increased its Acquisition Term Loan from S\$50.0 million to S\$120.0 million, providing it with the financial capacity to part finance up to approximately S\$240.0 million worth of acquisitions. The all-in borrowing cost is approximately 3.0% per annum.

CITM announced that it has agreed the key terms of commitment documents with four financial institutions (National Australia Bank Limited, The Hongkong and Shanghai Banking Corporation, The Royal Bank of Scotland N.V. and Hong Leong Finance Limited) under which they will commit to provide a S\$320.0 million term loan to CIT.

The new term loan facility will be used to refinance the syndicated term loan facility of S\$303.1 million (outstanding as at 31 December 2010 of S\$323.1 million less a loan prepayment of S\$20.0 million in February 2011) and to settle upfront fees in relation to the refinancing. The all-in borrowing cost is approximately 4.4% per annum.

## MAR 10

### Renounceable Rights Issue

The Manager announced the launch of a fully underwritten and renounceable Rights Issue of approximately 132.1 million Rights Units, together with the audited financial statements of CIT for FY2010, to raise gross proceeds of approximately S\$56.7 million for the acquisition of properties. The Rights Units were offered at an issue price of S\$0.429.

# M

## MANAGER'S REPORT

**"THE MANAGER'S COMMITMENT TO ACT IN THE BEST INTERESTS OF UNITHOLDERS. REDUCING GEARING IN A MEASURED AND BALANCED MANNER BY SELLING NON-CORE ASSETS AND PAYING DOWN DEBT WITH SALE PROCEEDS COMPARES FAVOURABLY TO USING MORE VALUE-DESTRUCTIVE MEANS, SUCH AS RAISING EQUITY AT STEEP DISCOUNTS TO NAV, SIMPLY TO RETIRE DEBT."**

## DELIVERING VALUE THROUGH A SUCCESSFUL STRATEGIC PLATFORM

The Manager considers a significant contributor to CIT's positive FY2010 performance was its disciplined approach to all facets of the Trust's operations. This comprised value-enhancing acquisitions, implementing several asset management initiatives, and maintaining its prudent capital and risk management strategy, all of which are key components of the Manager's long term strategic approach.

Over the year, CIT's asset base increased through value adding acquisitions. Three new acquisitions (22 Chin Bee Drive, 1 & 2 Changi North Street 2 and 511 & 513 Yishun Industrial Park A) costing S\$70.8 million (including acquisition costs), were completed.

The Manager also continued with the divestment of non-core assets designed to maintain CIT's high investment grade portfolio standards. Completed divestments included 78 strata units at 48 Toh Guan Road East (Enterprise Hub), 27 Pandan Crescent and 37 Tampines Street 92 during FY2010. The total sale proceeds of S\$72.8 million exceeded book value by approximately 5.8%.

The sale proceeds were used to lower gearing, with the outstanding syndicated term loan reduced from S\$390.1 million to S\$323.1 million. As a result, the gearing ratio of the Trust decreased significantly from 42.6% as at 31 December 2009, to 34.7% as at 31 December 2010. A further repayment of S\$20.0 million was made on 17 February 2011, reducing gearing further to 33.4%. This level is almost on par with the industrial REIT sub-sector average gearing of 32.3%<sup>1</sup>.

More significantly, this move demonstrates the Manager's commitment to act in the best interests of Unitholders. Reducing gearing in a measured and balanced manner by selling non-core assets and paying down debt with sale proceeds compares favourably to using more value-destructive means, such as raising equity at steep discounts to NAV, simply to retire debt.

## CONTINUED FOCUS ON PRO-ACTIVE ASSET MANAGEMENT AND VALUE-ENHANCING ACQUISITIONS

The Manager's efforts to enhance the intrinsic value of the portfolio via a pro-active asset management strategy resulted in the completion of two major asset enhancement initiatives. True to our philosophy of 'Working With Our Tenants', two of our assets – 1 Third Lok Yang Rd/4 Fourth Lok Yang Rd (YCH DistriPark) and 30 Toh Guan Road – were either redeveloped or converted to cater to our tenant's expansion plans, and to maximise the value of the Trust.

Enhancement works at YCH DistriPark included capital upgrades to the building and M&E infrastructure improvements, while at 30 Toh Guan Road, the ground floor warehouse was converted to an alternate usage which attracted a higher rental value (in this case a showroom), which has now been leased. The second phase of the redevelopment for 30 Toh Guan Road is expected to be completed by the second quarter of 2012, with the aim of maximising plot ratio which yields additional floor area of approximately 30,000 sq ft to the building. Enhancement works for these properties cost approximately S\$11.2m.

Asset enhancement initiatives have been an important focus in FY2010, and will continue to be, as we seek to further increase the performance of assets to generate higher returns from our portfolio.

We are pleased to report that as part of our pro-active lease management strategy, we successfully restructured a number of leases in the portfolio over 2010. Our tenants – SLS Bearings (31 Tuas Ave 11), Gliderol Doors (86/88 International Rd), and Wan Tai (25 Changi South Ave 2) – have either renewed or increased their lease commitment. This has maintained the weighted average lease expiry of the portfolio at above four years, and reduced the portfolio's aggregate lease expiry concentration from 70% to 55% in 2013 and 2014.

<sup>1</sup> UBS Global Equity Research, "Asian property: REIT valuation guide," 21 February 2011.

## MANAGER'S REPORT

### CONTINUED

FY2010 was also a year of equity fund raising for CIT. In August 2010, the Manager completed a private placement which raised approximately S\$40.0 million to part fund the acquisition of two high quality industrial properties for a total purchase consideration (including acquisition costs) of S\$37.7 million.

In November 2010, the Manager raised around S\$50.4 million through a private placement and preferential offering. These new funds were used to part finance the acquisition of four additional quality industrial properties, for a total purchase consideration (including acquisitions costs) of S\$74.3 million. Two of these properties, are located at 25 Tai Seng Avenue, and 511 & 513 Yishun Industrial Park A, while two others are situated at the western part of Singapore namely 60 Tuas South Street 1 and A0964602 Tuas View Circuit.

The latter project is a built-to-suit development, which, on completion will comprise a 3-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.

In summary, six properties were acquired in FY2010, of which three were completed by 31 December 2010. The details are as summarised below:

Property	Purchase Consideration*	Status
<b>COMPLETED</b>		
22 Chin Bee Drive	S\$15.0 million	Completed in Sept 2010
1 & 2 Changi North Street 2	S\$22.1 million	Completed in Oct 2010
511 & 513 Yishun Industrial Park A	S\$32.6 million	Completed in Nov 2010
<b>PENDING COMPLETION</b>		
25 Tai Seng Avenue	S\$21.1 million	Put & Call Option extended till 31 Mar 2010
60 Tuas South Street 1	S\$6.4 million	2Q2011
Lot A0964602 at Tuas View Circuit	S\$13.2 million	2Q2012

\* excludes acquisition costs

The Manager will maintain its focus in pursuing value-enhancing acquisitions in a disciplined manner to ensure improve tenant and income diversification, as well as increase portfolio returns for our investors.

### SUMMARY OF PROPERTIES UNDER MANAGEMENT

As at 31 December 2010, CIT's portfolio comprised 43 properties with approximately 645,908 square metres of lettable area, leased to 110 tenants. CIT's portfolio of properties, revalued by an independent valuer, Colliers International Consultancy and Valuation (Singapore) Pte Ltd, equated to S\$928.5 million, representing a NAV per unit of 60.7 cents. The portfolio valuation as at 31 December 2010 of S\$928.5 million represented an increase of 5.7% over the 30 June 2010 valuation, on a like-for-like basis.

The Trust's underlying property fundamentals have remained resilient throughout FY2010, attributing to a stable rental income and positive valuation performance.

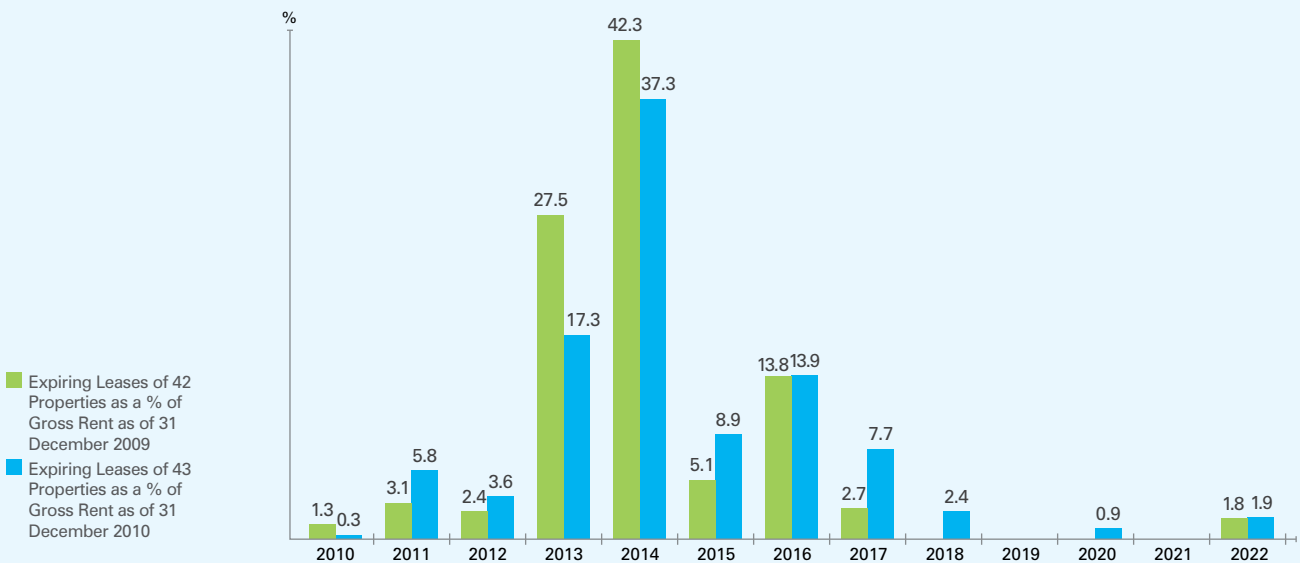
The Trust also has high levels of bank-guaranteed security deposits averaging 14.0 months of rental per tenant. These provide a buffer as well as confidence of cashflow.

During FY2010, 52.8% (21 properties) had rent reviews of either 5.0% or 7.0%. In addition, 54,582.6 sqm of new and renewed lease transactions were secured.

As at 31 December 2010, the Trust achieved a portfolio occupancy of 98.97%, a weighted average lease expiry of 4.1 years and low arrears trending at around 0.3% of annualised rent. We note that the occupancy rate for CIT of 98.97% remains higher than the national average of 92.6%<sup>2</sup>.

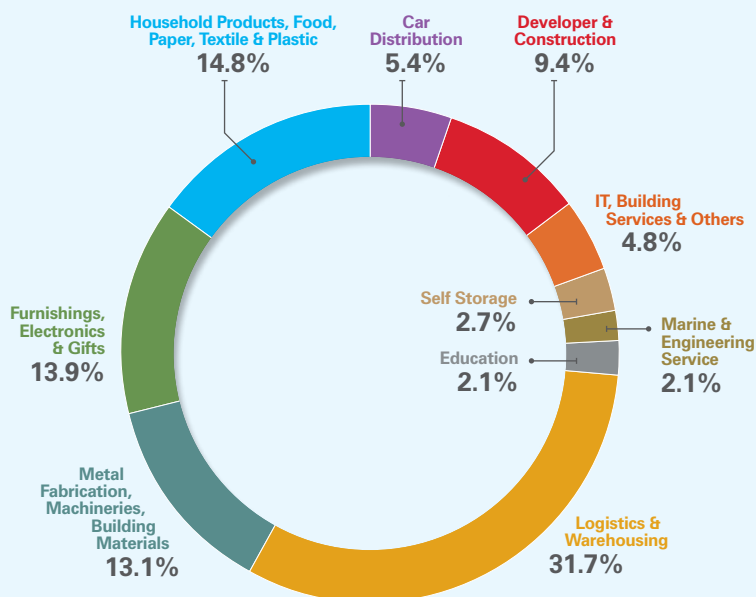
As previously mentioned, CIT’s rolling lease expiry profile improved during 2010 with positive inroads made into the 2013/2014 periods, as summarised by the following graph.

**Lease Expiry Profile**  
(as at 31 December 2010)



Consistent with the Manager’s strategy of maintaining a diversified tenancy portfolio to spread income risk, the tenant trade sector mix as at 31 December 2010 is illustrated in the following pie chart.

**Rental Income Contribution by Tenant Trade Sector**  
(as at 31 December 2010)



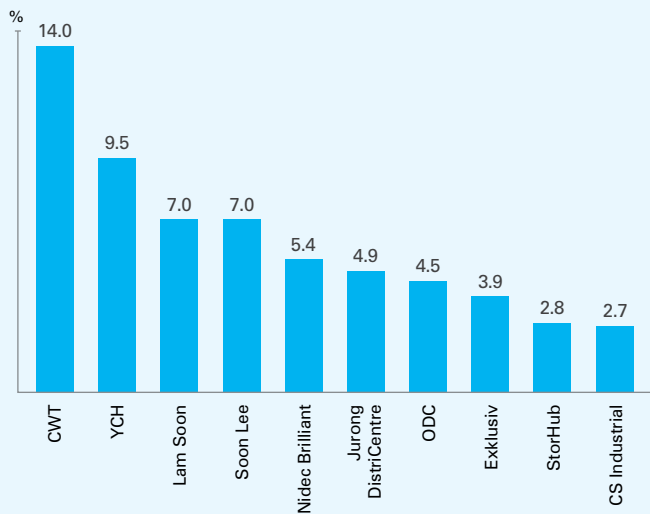
## MANAGER'S REPORT

### CONTINUED

The Manager's active asset management strategy during 2010 also resulted in the top 10 tenants' contribution to CIT's gross rent being reduced from 61.7% to 56.6%, as tabled below.

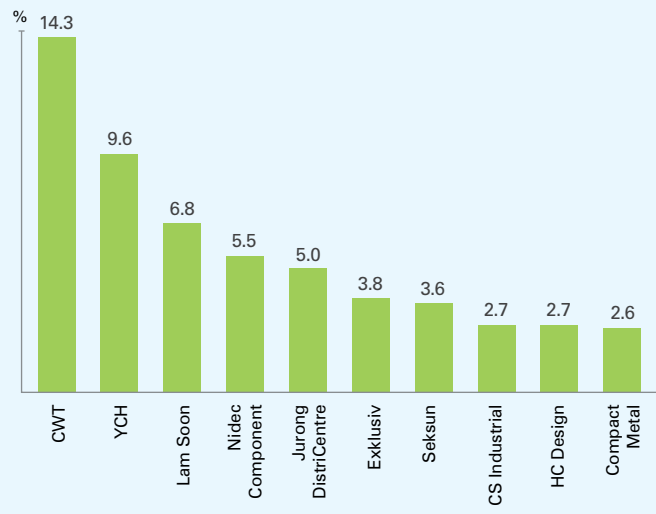
#### Top 10 Tenants (as % of Gross Rent)

As at 31 December 2009



#### Top 10 Tenants (as % of Gross Rent)

As at 31 December 2010



### MARKET OUTLOOK FOR 2011

The recovery of the Singapore economy in 2010 was evidenced in its growth rate of 12.0% for the fourth quarter of 2010 (on a year-on-year basis), and 14.5% for 2010. The general economic outlook continues to be positive for the year ahead. The Ministry of Trade and Industry ("MTI") forecasts that Singapore's economy is expected to grow by 4.0 to 6.0% in 2011, and has projected that external macroeconomic conditions should remain supportive of growth. Further advanced economies are expected to grow at a steady pace, which should lend support to Singapore's manufacturing activities.

In Singapore, domestic demand is expected to remain resilient, boosted by wage growth, supportive government policies and sound economic fundamentals. This should continue to drive intra-regional trade in goods and services (such as travel and finance). This expected boost in external demand is also expected to increase due to new capacity additions in the manufacturing sector, and progressive offerings of recreational facilities in the tourism-related services industries.

A recent property report by Knight Frank highlighted that industrial properties are expected to enjoy modest rental and price growth in 2011, driven by the pick up in global export activity. The report notes that with 10 new industrial sites slated for sale through the Government Land Sales Programme, choice industrial sites should attract strong developer interest, reflecting a positive outlook<sup>3</sup>.

Notwithstanding the above, MTI believes that the global economy still remains vulnerable to several downside risks, notably the concerns of sovereign debt sustainability in the peripheral EU economies, and the inflationary concerns in Asia which may prompt further monetary tightening<sup>4</sup>.

Against this backdrop, the Manager intends to continue to focus its strategy on delivering stable income and generating long-term capital growth. The Manager will continue to manage its existing and new assets in a disciplined manner, and source for high quality assets which complement the Trust's portfolio, within Singapore and the Asia region.

<sup>3</sup> Knight Frank, "Real Estate Highlights – Jul/Sep 2010/3Q2010", 17 January 2011.

<sup>4</sup> Ministry of Trade and Industry, "MTI Forecasts GDP Growth of 4.0 to 6.0 Per Cent For 2011 Following Strong Rebound in 2010", 17 February 2011.



# Investor Relations

The Manager provides CIT's Unitholders and the wider financial community with quality, succinct, and timely information about CIT. It is focused on maintaining best practice in its investor relations program with a transparent and open approach in all communications to investors, analysts and stakeholders. In recognition of the importance of managing relations with existing and potential Unitholders, having an open and transparent dialogue with Unitholders, potential investors, analysts and other stakeholders is always high on the Manager's agenda.

As an SGX-listed REIT, the Manager's investor relations policy, amongst other things, provides that:

- CIT aims to be visible and accessible to existing and potential Unitholders, investors and stakeholders in consideration of regulatory requirements and on the basis of corporate governance standards;
- CIT will publish all important and relevant information via the Singapore Exchange, including adequate timely and accurate financial quarterly reports;
- CIT aims to provide explicit and clear communication, ensuring that all types of investors and stakeholders have the opportunity to gain insight into the matters communicated by the Manager and to provide relevant feedback;
- all information is easily accessible and readily available from the CIT's website after publication via the Singapore Exchange; and
- whilst the Manager seeks to arrange regular meetings with CIT's Unitholders, it will not release information that is not publicly available.

After each financial quarter, the financial results are released to the public via the SGXNET. The investment and financial community also has regular access to management, through investor and analyst briefings and presentations that are usually held by the Manager after these announcements.

CIT's website was revamped in October 2010 to ensure easier accessibility for the general public and Unitholders. The investor pages on the website provide access to financial and operational information for Unitholders, analysts and other stakeholders. Provision of this information and insights are intended to contribute to achieving a fair market value for the Trust.

## UNITHOLDER ENQUIRIES

We welcome your comments, feedback and enquiries. Please feel free to contact us at:

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Website : [www.cambridgeindustrialtrust.com](http://www.cambridgeindustrialtrust.com)

## ANALYST COVERAGE

The Manager maintains pro-active and interactive communication with analysts (either via phone-calls, emails or physical meetings) to enhance the investment community's understanding of CIT's financials, operational conditions and strategies. The following research houses covered CIT as at 31 December 2010:

Analyst(s)	Research House
Wong Yew Kiang	CLSA Singapore Pte Ltd
David Lum / Phua Boon Aun	Daiwa Institute of Singapore Pte Ltd
Lock Mun Yee / Derek Tan	DBS Vickers Securities Pte Ltd
Jessica Tan	DMG & Partners Research Pte Ltd
Lee Kok Joo	Phillip Research Pte Ltd
Fera Wirawan / Bryan Lim	The Royal Bank of Scotland Asia Securities (Singapore) Pte Limited

# The Value of Excellent Tenant Commitment





TESTIMONY FROM

**Mr Loh Sing Yong** Regional Logistics Manager  
*CLUB 21 PTE LTD*

**“Since we became CIT’s tenant at 30 Toh Guan Road, we have been impressed with its management capabilities. We believe in long-term relationships and are confident that CIT is committed to the maintenance of our excellent landlord-tenant relationship. One of the factors which influenced our decision to extend our stay here on a longer basis was our high opinion of CIT and its pro-active asset management philosophy.”**

The Board of CITM comprises of three independent and five non-independent, non-executive directors and one executive director. Together they bring to the Board a wide range of industry experience, expertise and knowledge in real estate, asset management, finance and banking, law and strategic planning. The Board is committed to ensuring that the highest standards of corporate governance are practised in the management of CITM and CIT, as a fundamental part of its responsibility to protect and enhance CIT Unitholders' value and interests.

## ABOUT THE MANAGER

# BOARD OF DIRECTORS

### **DR CHUA YONG HAI**

INDEPENDENT CHAIRMAN

Dr Chua has many years of working experience in the investment management and real estate sectors holding key positions such as Director of Investments in the Ministry of Finance, first General Manager of Temasek Holdings Pte Ltd, Group Managing Director of United Engineers Ltd, Group General Manager of Suntec City Development Pte Ltd and Director of Lend Lease Corporation Ltd. Currently, he holds a number of non-executive directorships and chairmanships in several SGX listed companies.

A Singapore government scholar, Dr Chua holds a Doctorate in Chemical Engineering from The University of New South Wales and a Bachelor of Science (Honours) and a Diploma in Business Administration from the then University of Singapore. He is active in community and social work for which he has been awarded the Public Service Medal and the Public Service Star by the President of Singapore.

### **MR CHRIS CALVERT**

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mr Calvert joined the Manager as the Chief Executive Officer in December 2008 and was appointed Executive Director on 4 August 2010. The CEO of the Manager is responsible for the overall planning, management and operation of CIT. He works with the Board members to determine the overall business, investment and operational strategies for CIT. He has over 18 years of property and management experience in valuation, consultancy, real estate funds management, and investment management in Asia Pacific.

Prior to joining the Manager, Mr Calvert was CEO (Asia) of MacarthurCook Industrial REIT, responsible for the assembly of an industrial property portfolio and the subsequent IPO of the REIT in early 2007. Most recently, he was CEO (Asia) of Blaxland Funds Management, a real estate funds Manager.

Mr Calvert holds a Bachelor of Business and Property and is a Qualified Valuer from the Australian Property Institute. He is also an active advocate of the Asian Public Real Estate Association.

### **MR TAN GUONG CHING**

INDEPENDENT DIRECTOR

Member of the Audit, Risk Management and Compliance Committee

Mr Tan was the CEO of the Housing and Development Board, which develops and manages a large portfolio of industrial and commercial properties. He served in several Government Ministries and was the Permanent Secretary to the Ministry of Home Affairs, The Environment and Communications. He sits on the Board of several companies including Starhub Limited and Singapore Technologies Telemedia Pte Ltd.

Mr Tan holds a Bachelor and a Master of Engineering from McMaster University of Canada.

**PROF ONG SEOW ENG**

INDEPENDENT DIRECTOR

**Chairman of the Audit, Risk Management and Compliance Committee**

Prof Ong is currently a Professor at the Department of Real Estate, National University of Singapore. He was on the board of the American Real Estate and Urban Economics Association as well as a past president of the International Real Estate Society and past president of the Asian Real Estate Society. He also held various positions in the former Overseas Union Bank Limited, the Government of Singapore Investment Corporation Private Limited, and the Inland Revenue Department of Singapore.

Prof Ong holds a Doctorate of Philosophy in Finance and a Master of Business degree from Indiana University. He is also a CFA charter holder.

**MR IAN KEITH CROW**

NON-EXECUTIVE DIRECTOR

Mr Crow has over 40 years experience in the financial services and property industries. During the 1980's and early 1990's, he held senior positions with the Lend Lease group, including Finance Director of Lend Lease Corporation Limited and Chief Executive Officer of MLC, the funds management arm of Lend Lease (now owned by NAB). Since 1994, he has held a number of non-executive directorships of Australian Securities Exchange ("ASX") listed and private companies.

Mr Crow holds a Bachelor of Commerce and a Master of Business Administration from The University of New South Wales. He is also a CPA of the Australian Society of Certified Practising Accountants.

**MR IAN ANDREW SMITH**

NON-EXECUTIVE DIRECTOR

Mr Smith is currently the General Manager of Real Estate at nabInvest, which is the direct investment management business of NAB. His career spans business generation, funds management, engineering, project and development management. His career history includes 17 years with Lend Lease Corporation Limited in Australia, predominantly in its real estate investment management business. He was the CEO and Director of ASX listed Lend Lease US Office Trust.

He was also the Portfolio Manager of the Lazard Global Listed Infrastructure Fund, prior to joining NAB.

Mr Smith holds a Bachelor of Engineering and Bachelor of Commerce from the University of Melbourne and a Master of Engineering Science from Monash University.

**MR JOHN CHARLES WOOD**

NON-EXECUTIVE DIRECTOR

**Member of the Audit, Risk Management and Compliance Committee\***

Mr Wood is Executive Officer of nabInvest Capital Partners Pty Limited, the Australian licensed specialist funds manager within the Asset Management division of NAB. He is a finance executive and legal professional with over 25 years experience, having prior roles as a Structured Products Director within NAB, as an Executive General Manager and Group Director with three ASX listed mid-cap resource sector companies, and as a Partner of the major Australian law firm, Blake Dawson, specialising in banking, finance and projects.

Mr Wood holds a Bachelor of Arts and Bachelor of Laws (Honours), both from the Australian National University, and is a Fellow of the Australian Institute of Company Directors.

**MR MASAKI KURITA**

NON-EXECUTIVE DIRECTOR

Mr Kurita was appointed to the Board on 18 February 2008 as an Executive Director and was re-designated as a Non-executive Director on 2 January 2009 as part of the internal restructuring of the Manager's operations.

Mr Kurita has taken various positions in the Urban Planning & Development department in Mitsui in the past 10 years with roles ranging from land acquisitions, development of office buildings and industrial property in Japan, and equity investment in the overseas real estate business.

Mr Kurita holds a Bachelor of Engineering from Keio University, Tokyo, Japan.

**MR MICHAEL PATRICK DWYER\***

NON-EXECUTIVE DIRECTOR

Mr Dwyer is the Executive Chairman of Oxley Group, a private investment firm with investments in Real Estate, Agriculture/Alternative Energy and Natural Resources. He is also a current management board member of the Asian Pacific Real Estate Association (APREA).

Mr Dwyer as the Chief Executive Officer, listed the eighth REIT on the Singapore Stock Exchange in 2006. It was the first independent cross-border listed property trust, raising S\$500m at listing.

For over 15 years, Mr Dwyer was intimately involved in the mortgage industry in Australia having held the position of Joint Managing Director of a leading Mortgage REIT. He also has a strong involvement with the securities industry regulators and financial service associations in Australia.

Mr Dwyer is a qualified solicitor possessing 20 years of experience in all facets of commercial and property law.

**MR VICTOR ONG WEI TAK**ALTERNATE DIRECTOR TO  
MR MICHAEL PATRICK DWYER

Mr Ong was appointed as an alternate director to Mr Michael Patrick Dwyer on 19 October 2010. Mr Ong is the Executive Director of Oxley Group and has over 20 years of experience in real estate funds management and investment banking in Asia and Australia. In Asia, he was an Executive Director of Allco Funds Management (Singapore) Limited and the CEO of Bluestone Asia Group Ltd.

In Australia, Mr Ong was a director responsible for the development of the funds management operation at Trafalgar Managed Investments Limited. He co-founded Paladin Australia Limited in 1994, a funds management company acquired by Deutsche Bank in 2000. Previously, he was also a senior executive with the Lend Lease Group for 7 years participating in the property and funds management divisions.

Mr Ong holds a Degree in Building from The University of New South Wales and a Master of Business (Applied Finance) from The University of Technology, Sydney.

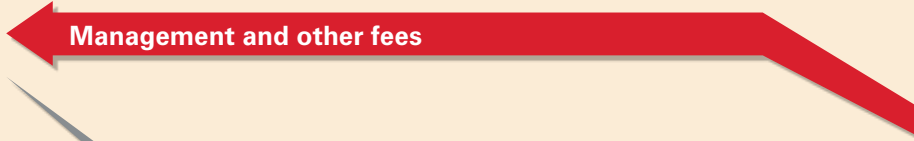
\* Mr John Charles Wood was appointed as a member of the Audit, Risk Management and Compliance Committee in place of Mr Michael Patrick Dwyer effective 28 January 2011.

# STRUCTURE OF CAMBRIDGE INDUSTRIAL TRUST

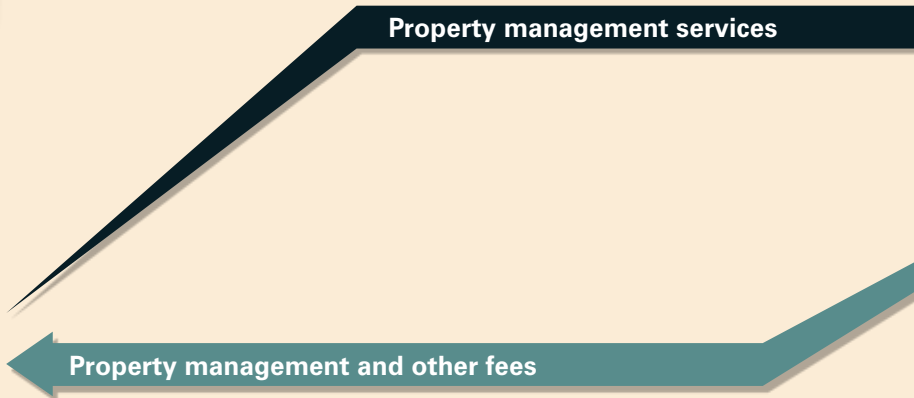


**CIT'S OBJECTIVE** is to invest directly or indirectly in income-producing real estate and real estate related assets used mainly for industrial and warehousing purposes. It seeks to provide Unitholders with a competitive rate of return on their investments by ensuring stable, regular distributions and long-term growth in both distributions and net asset value per unit. This involves sourcing and acquiring value-enhancing assets in Singapore and other parts of Asia.

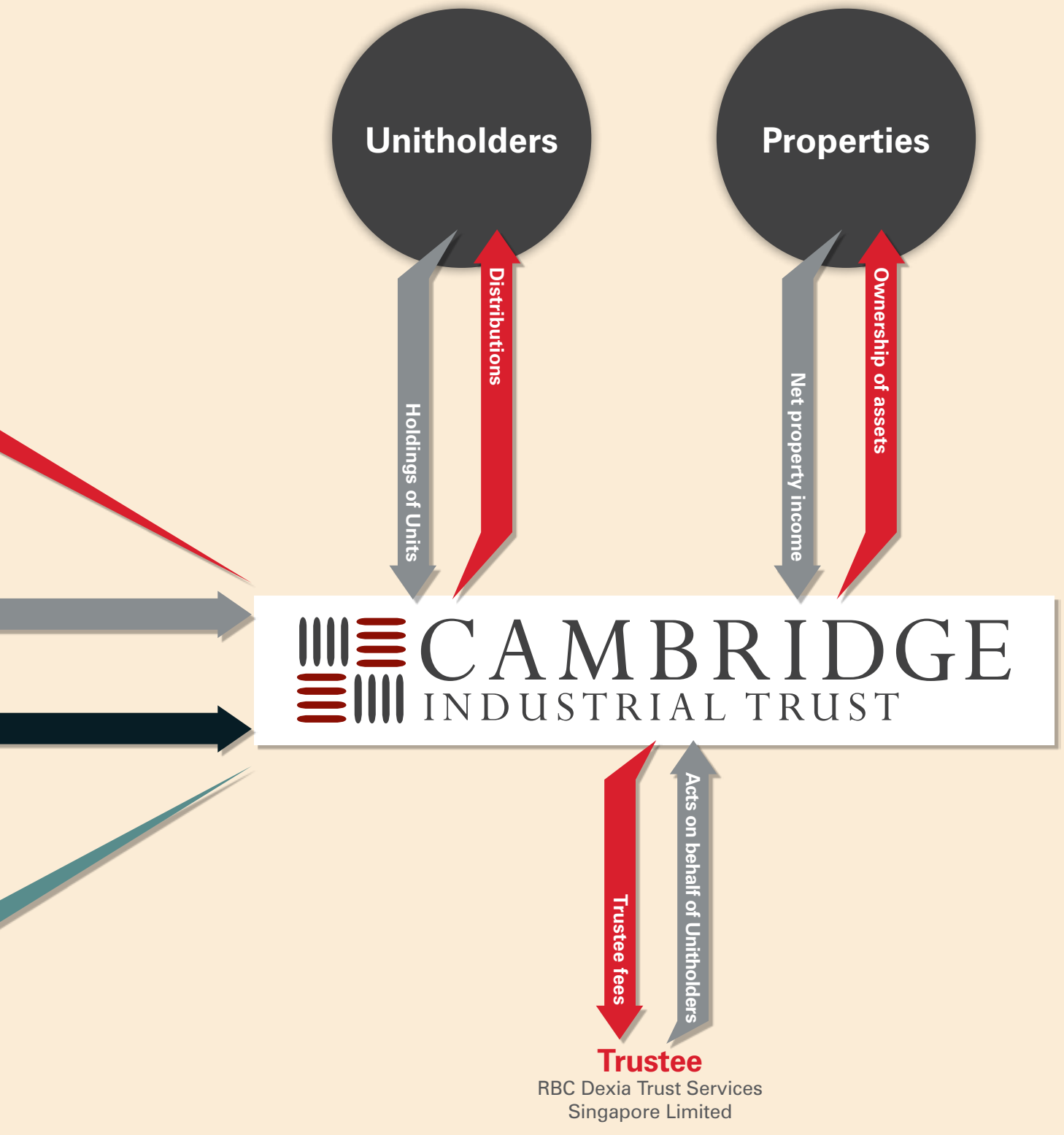
**Manager**  
Cambridge Industrial Trust  
Management Limited  
("CITM")



**Property Manager**  
Cambridge Industrial  
Property Management  
Pte. Ltd. ("CIPM")



\* CREIM Pte. Ltd. – Cambridge Real Estate Investment Management Pte. Ltd.



# Manag Team

**THE MANAGEMENT TEAM HAS EXTENSIVE EXPERIENCE AND A PROVEN HISTORY IN FUND, COMPLIANCE, ASSET AND PROPERTY MANAGEMENT IN SINGAPORE AND THE REGION. A NUMBER OF THE MANAGEMENT ARE REAL ESTATE SPECIALISTS WITH STRONG CREDENTIALS AND INVESTMENT EXPERIENCE.**



CHRIS CALVERT

CINDY SEETOH

NANCY TAN

DAVID MASON

# ement

## CHRIS CALVERT

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mr Calvert joined the Manager as the Chief Executive Officer in December 2008 and was appointed Executive Director on 4 August 2010. The CEO of the Manager is responsible for the overall planning, management and operation of CIT. He works with the Board members to determine the overall business, investment and operational strategies for CIT. He has over 18 years of property and management experience in valuation, consultancy, real estate funds management, and investment management in Asia Pacific.

Prior to joining the Manager, Mr Calvert was CEO (Asia) of MacarthurCook Industrial REIT, responsible for the assembly of an industrial property portfolio and subsequent IPO of the REIT in early 2007. Most recently, he was CEO (Asia) of Blaxland Funds Management, a real estate funds Manager.

Mr Calvert holds a Bachelor of Business and Property and is a Qualified Valuer from the Australian Property Institute. He is also an active advocate of the Asian Public Real Estate Association.

## DAVID MASON

CHIEF FINANCIAL OFFICER

Mr Mason joined the Manager in July 2010 as Chief Financial Officer. The CFO reports to the CEO and oversees the Finance and Corporate Services departments for the Trust. He is responsible for the financial performance and for ensuring key performance indicators are achieved for the effective management of CIT. In addition, the CFO is responsible for the preparation of regular performance reports for investors and regulators.

Prior to joining the Manager, Mr Mason was a Financial Consultant to YTL Starhill Global REIT Management Limited, advising various projects and other financial matters of Starhill Global REIT. He was also the Senior Vice President, Finance & Accounting of Starhill Global REIT (formerly known as Macquarie Prime REIT) and has over 10 years experience in the REIT sector in Singapore and Australia.

Mr Mason holds a Bachelor of Accounting (Honours) from Birmingham City University and is a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants in Australia.

## NANCY TAN

HEAD OF REAL ESTATE

Ms Tan joined the Manager in February 2009 and was appointed as the Head of Real Estate in February 2011. The Head of Real Estate reports to the CEO and formulates strategic plans to maximise the returns of the Trust assets. She oversees the asset management, investment and property management departments for the Trust. She has over 20 years of experience in the real estate and asset management industry.

Prior to joining the Manager, Ms Tan was the Fund Manager of MacarthurCook Industrial REIT, where she assisted in expanding the value of the portfolio from 12 to 21 properties and to approximately S\$555.4 million in value. She also held management positions in a number of established real estate firms, including Far East Organisation and City Developments Limited.

Ms Tan holds a Bachelor of Science (Estate Management) from the National University of Singapore and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

## CINDY SEETOH

COMPLIANCE MANAGER

Ms Seetoh joined the Manager in June 2010 as the Compliance Manager. The Compliance Manager reports to the CEO and is responsible for all internal and external compliance processes for the Manager. She is also the liaison for corporate secretarial matters. Ms Seetoh has more than six years of professional experience in compliance.







Prior to joining the Manager, Ms Seetoh was the Head of Compliance and Financial Crime Prevention of Newedge Financial Singapore Pte. Ltd., where she oversaw all compliance and financial crime prevention related matters.

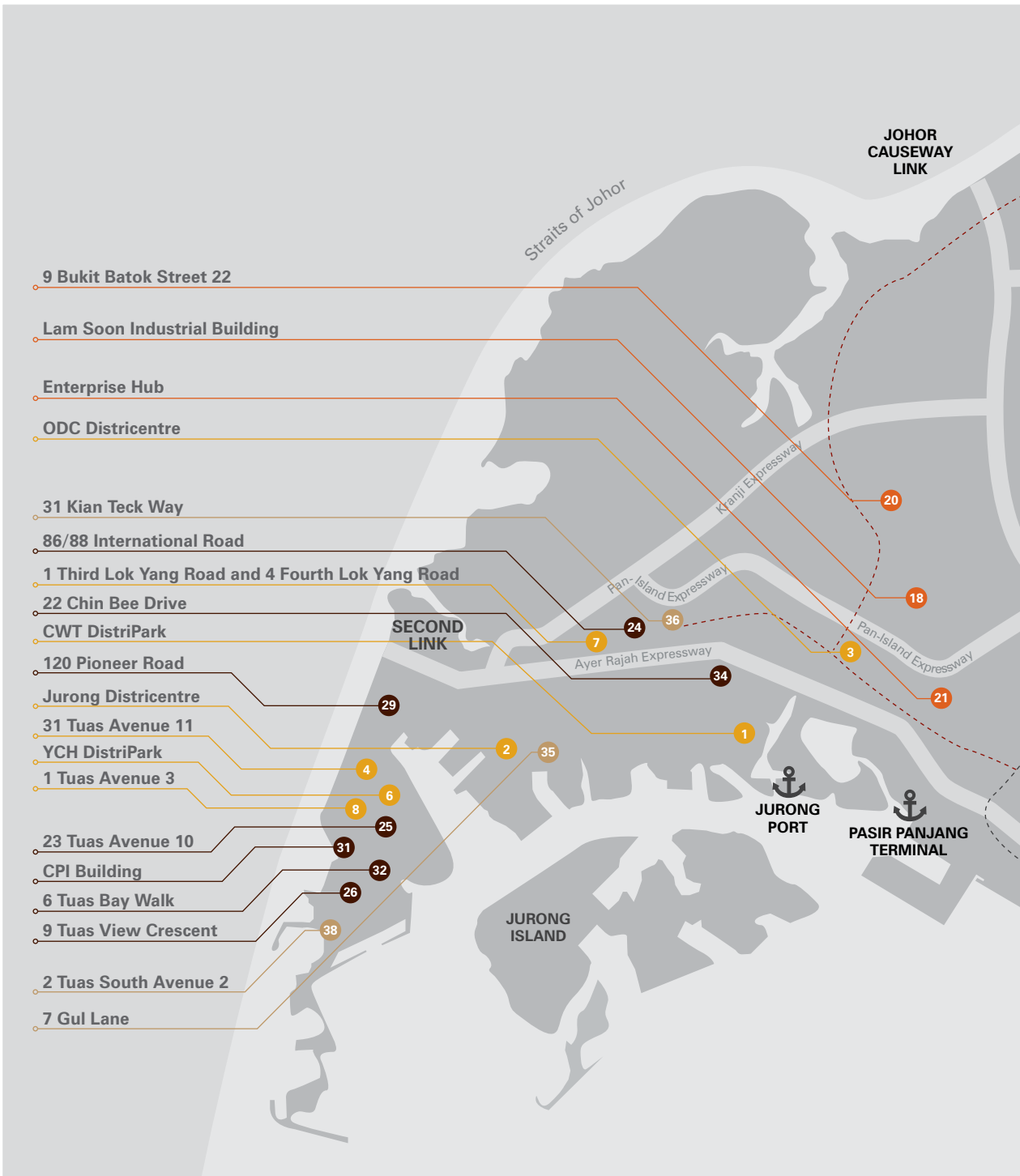
Ms Seetoh holds a Bachelor of Business and Commerce from Monash University, Melbourne and is a member of the Golden Key International Honour Society.

# Property Locations

## LEGENDS

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

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



9 Bukit Batok Street 22

Lam Soon Industrial Building

Enterprise Hub

ODC Districentre

31 Kian Teck Way

86/88 International Road

1 Third Lok Yang Road and 4 Fourth Lok Yang Road

22 Chin Bee Drive

CWT DistriPark

120 Pioneer Road

Jurong Districentre

31 Tuas Avenue 11

YCH DistriPark

1 Tuas Avenue 3

23 Tuas Avenue 10

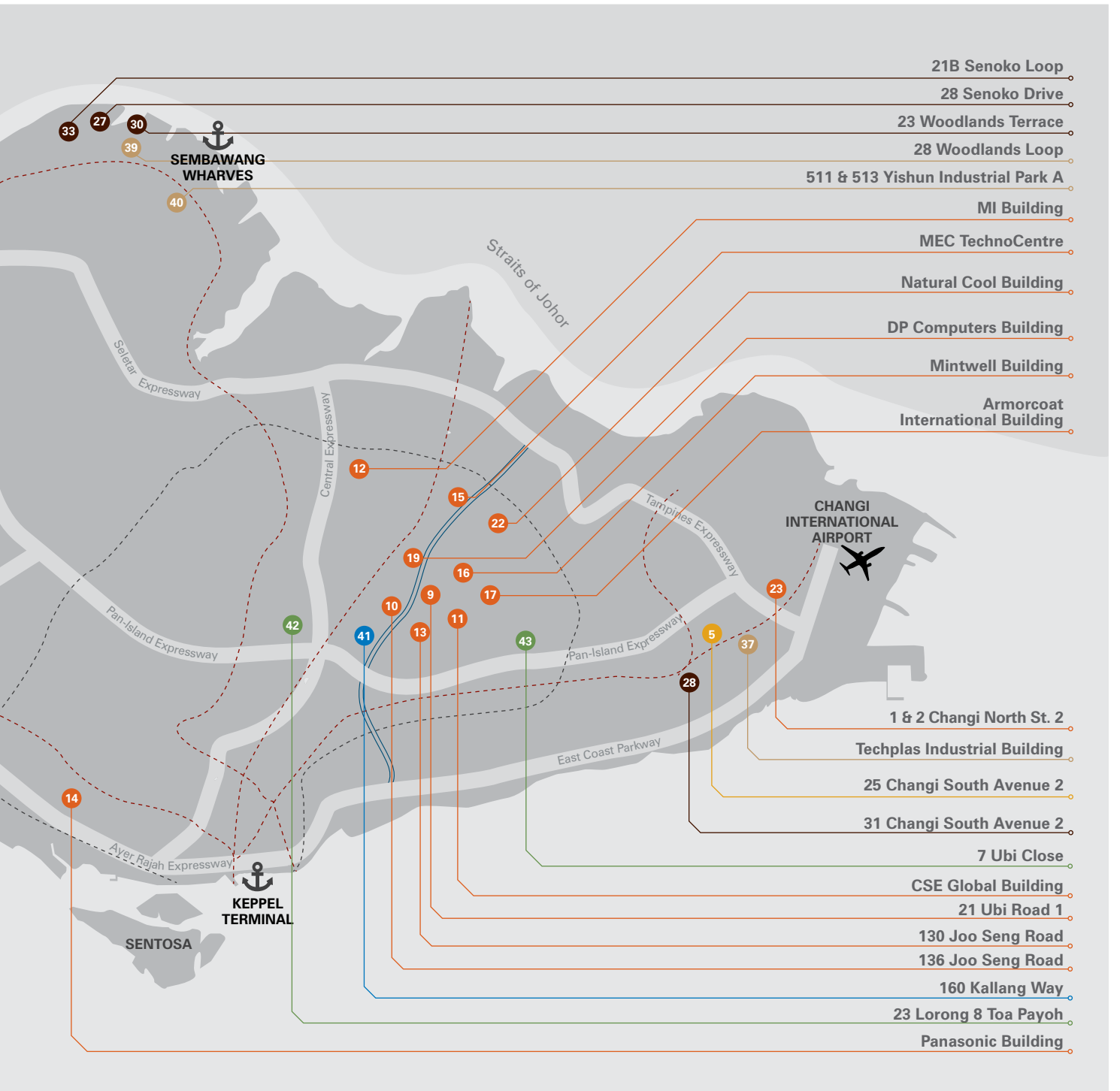
CPI Building

6 Tuas Bay Walk

9 Tuas View Crescent

2 Tuas South Avenue 2

7 Gul Lane



# Property Portfolio

## LOGISTICS AND WAREHOUSING PROPERTIES

Used by tenants for warehousing, distribution and logistics services, including third party logistics and supply chain management



### 01

#### CWT DISTRI PARK

24 Jurong Port Road,  
Singapore 619097

**LETTABLE AREA**  
75,903.8 square metres

**TENANT NAME**  
CWT Limited

**LAND LEASE EXPIRY/TITLE**  
2037/Leasehold estate of 30 years +  
12 years w.e.f. 1 March 1995

**VALUATION**  
S\$97,500,000

**PURCHASE CONSIDERATION**  
S\$96,000,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$8.1 million



### 02

#### JURONG DISTRICENTRE

Pioneer Sector 3,  
Singapore 628342

**LETTABLE AREA**  
38,352.1 square metres

**TENANT NAME**  
Jurong Districentre Pte Ltd

**LAND LEASE EXPIRY/TITLE**  
2050/Leasehold estate of 30 years +  
30 years w.e.f. 16 December 1990

**VALUATION**  
S\$50,000,000

**PURCHASE CONSIDERATION**  
S\$49,000,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$3.8 million



### 03

#### 30 TOH GUAN ROAD

30 Toh Guan Road,  
Singapore 608840

**LETTABLE AREA**  
24,210.2 square metres

**TENANT NAME**  
Multi-tenanted

**LAND LEASE EXPIRY/TITLE**  
2055/Leasehold estate of 30 years +  
30 years w.e.f. 16 August 1995

**VALUATION**  
S\$42,000,000

**PURCHASE CONSIDERATION**  
S\$35,000,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
73.6 percent

**GROSS FY2010 RENTAL INCOME**  
S\$0.2 million



## 04

### 31 TUAS AVENUE 11

31 Tuas Avenue 11,  
Singapore 639105

**LETTABLE AREA**  
7,021.5 square metres

**TENANT NAME**  
SLS Bearings (Singapore) Private Limited

**LAND LEASE EXPIRY/TITLE**  
2054/Leasehold estate of 30 years +  
30 years w.e.f. 1 April 1994

**VALUATION**  
S\$9,800,000

**PURCHASE CONSIDERATION**  
S\$8,700,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$0.9 million



## 05

### 25 CHANGI SOUTH AVENUE 2

25 Changi South Avenue 2,  
Singapore 486594

**LETTABLE AREA**  
6,781.7 square metres

**TENANT NAME**  
Wan Tai and Company (Private) Limited

**LAND LEASE EXPIRY/TITLE**  
2054/Leasehold estate of 30 years +  
30 years w.e.f. 16 October 1994

**VALUATION**  
S\$10,000,000

**PURCHASE CONSIDERATION**  
S\$7,300,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$0.7 million



## 06

### YCH DISTRI PARK

30 Tuas Road, Singapore 638492

**LETTABLE AREA**  
53,065.2 square metres

**TENANT NAME**  
YCH DistriPark (Pte) Ltd

**LAND LEASE EXPIRY/TITLE**  
2039/Leasehold estate of 30 years +  
30 years w.e.f. 1 July 1979

**VALUATION**  
S\$72,400,000

**PURCHASE CONSIDERATION**  
S\$73,000,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$6.0 million

# Property Portfolio

## LOGISTICS AND WAREHOUSING PROPERTIES



### 07

#### 1 THIRD LOK YANG RD AND 4 FOURTH LOK YANG RD

1 Third Lok Yang Road and 4 Fourth Lok Yang Road, Singapore 627996 and 629701

**LETTABLE AREA**  
10,601.3 square metres

**TENANT NAME**  
YCH DistriPark (Pte) Ltd

**LAND LEASE EXPIRY/TITLE**  
2031/Leasehold estate of 30 years w.e.f. 16 December 2001

**VALUATION**  
S\$11,500,000

**PURCHASE CONSIDERATION**  
\$12,414,000

**ACQUISITION DATE**  
25 July 2006

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$1.2 million



### 08

#### 1 TUAS AVENUE 3

1 Tuas Avenue 3, Singapore 639402

**LETTABLE AREA**  
28,674.0 square metres

**TENANT NAME**  
CWT Limited

**LAND LEASE EXPIRY/TITLE**  
2032/Leasehold estate 30 years + 23 years w.e.f. 1 October 1979

**VALUATION**  
S\$29,200,000

**PURCHASE CONSIDERATION**  
S\$32,704,147

**ACQUISITION DATE**  
31 October 2007

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$2.6 million

## LIGHT INDUSTRIAL PROPERTIES

Primarily used by tenants for light industrial activities, including assembly and storage of medical equipment, electronics and computer peripherals, as well as information technology and system integration



# 09

## 21 UBI ROAD 1

21 Ubi Road 1, Singapore 408724

### LETTABLE AREA

18,838.0 square metres

### TENANT NAME

Nidec Component Technology Co., Ltd.

### LAND LEASE EXPIRY/TITLE

2057/Leasehold estate of 30 years + 30 years w.e.f. 1 February 1997

### VALUATION

S\$32,000,000

### PURCHASE CONSIDERATION

S\$25,000,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$2.3 million



# 10

## 136 JOO SENG ROAD

136 Joo Seng Road,  
Singapore 368360

### LETTABLE AREA

9,413.0 square metres

### TENANT NAME

Nidec Component Technology Co., Ltd.

### LAND LEASE EXPIRY/TITLE

2050/Leasehold estate of 30 years + 30 years w.e.f. 1 October 1990

### VALUATION

S\$12,500,000

### PURCHASE CONSIDERATION

S\$10,310,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$1.1 million



# 11

## CSE GLOBAL BUILDING

2 Ubi View, Singapore 408556

### LETTABLE AREA

4,055.6 square metres

### TENANT NAME

CSE Global Limited

### LAND LEASE EXPIRY/TITLE

2059/Leasehold estate of 60 years w.e.f. 4 January 1999

### VALUATION

S\$8,100,000

### PURCHASE CONSIDERATION

S\$7,500,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

\$0.6 million

# Property Portfolio

## LIGHT INDUSTRIAL PROPERTIES



### 12

#### MI BUILDING

11 Serangoon North Avenue 5,  
Singapore 554809

##### LETTABLE AREA

13,621.4 square metres

##### TENANT NAME

MI Technologies Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2057/Leasehold estate of 30 years +  
30 years w.e.f. 16 April 1997

##### VALUATION

S\$16,800,000

##### PURCHASE CONSIDERATION

S\$14,000,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.4 million



### 13

#### 130 JOO SENG ROAD

130 Joo Seng Road,  
Singapore 368357

##### LETTABLE AREA

8,469.8 square metres

##### TENANT NAME

Multi-tenanted

##### LAND LEASE EXPIRY/TITLE

2051/Leasehold estate of 30 years +  
30 years w.e.f. 1 December 1991

##### VALUATION

S\$12,300,000

##### PURCHASE CONSIDERATION

S\$12,000,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.3 million



### 14

#### PANASONIC BUILDING

2 Jalan Kilang Barat,  
Singapore 159346

##### LETTABLE AREA

7,678.6 square metres

##### TENANT NAME

S C Merah Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2062/Leasehold estate of 99 years w.e.f.  
1 July 1963

##### VALUATION

S\$23,500,000

##### PURCHASE CONSIDERATION

S\$20,000,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.6 million



# 15

## MEC TECHNOCENTRE

87 Defu Lane 10, Singapore 539219

### LETTABLE AREA

9,365.2 square metres

### TENANT NAME

The Excalibur Corporation Pte Ltd

### LAND LEASE EXPIRY/TITLE

2050/Leasehold estate of 30 years + 30 years w.e.f. 1 November 1990

### VALUATION

S\$14,300,000

### PURCHASE CONSIDERATION

S\$13,064,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$1.0 million



# 16

## 55 UBI AVENUE 3

55 Ubi Avenue 3, Singapore 408864

### LETTABLE AREA

10,880.6 square metres

### TENANT NAME

Multi-tenanted

### LAND LEASE EXPIRY/TITLE

2056/Leasehold estate of 30 years + 30 years w.e.f. 1 July 1996

### VALUATION

S\$18,300,000

### PURCHASE CONSIDERATION

S\$18,800,000

### ACQUISITION DATE

27 February 2007

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$0.5 million



# 17

## ARMORCOAT INTERNATIONAL BUILDING

361 Ubi Road 3, Singapore 408664

### LETTABLE AREA

8,997.0 square metres

### TENANT NAME

Chartered World Academy Pte Ltd and Armorcoat International Pte Ltd

### LAND LEASE EXPIRY/TITLE

2057/Leasehold estate of 30 years + 30 years w.e.f. 1 February 1997

### VALUATION

S\$17,700,000

### PURCHASE CONSIDERATION

S\$18,000,000

### ACQUISITION DATE

8 June 2007

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$1.6 million

# Property Portfolio

## LIGHT INDUSTRIAL PROPERTIES



### 18

#### LAM SOON INDUSTRIAL BUILDING

63 Hillview Avenue,  
Singapore 669569

##### LETTABLE AREA

35,537.0 sq m (inclusive of void area of 8,008.0 sq m)

##### TENANT NAME

Lam Soon Realty (Pte) Ltd

##### LAND LEASE EXPIRY/TITLE

Freehold

##### VALUATION

S\$80,500,000

##### PURCHASE CONSIDERATION

S\$72,200,000

##### ACQUISITION DATE

29 March 2007

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$5.3 million



### 19

#### DP COMPUTERS BUILDING

128 Joo Seng Road,  
Singapore 368356

##### LETTABLE AREA

8,626.0 square metres

##### TENANT NAME

Seng Huat Packaging Pte Ltd and DP Computers Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2052/Leasehold estate of 30 years + 30 years w.e.f. 1 May 1992

##### VALUATION

S\$11,400,000

##### PURCHASE CONSIDERATION

S\$10,000,000

##### ACQUISITION DATE

25 June 2007

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.0 million



### 20

#### 9 BUKIT BATOK STREET 22

9 Bukit Batok Street 22,  
Singapore 659585

##### LETTABLE AREA

14,666.0 square metres

##### TENANT NAME

Ascender Investment Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2053/Leasehold estate 30 years + 30 years w.e.f. 1 February 1993

##### VALUATION

S\$20,000,000

##### PURCHASE CONSIDERATION

S\$18,300,000

##### ACQUISITION DATE

25 October 2007

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.9 million



## 21 ENTERPRISE HUB

48 Toh Guan Road East,  
Singapore 608586

### LETTABLE AREA

9,521 square metres

*\* For balance 36 strata units as at  
31 December 2010*

### TENANT NAME

Soon Lee Realty Ltd

### LAND LEASE EXPIRY/TITLE

2057/Leasehold estate of 60 years w.e.f.  
1 December 1997

### VALUATION

S\$22,000,000

*\* For balance 36 strata units as at  
31 December 2010*

### ACQUISITION DATE

31 October 2007

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$3.0 million



## 22 NATURAL COOL BUILDING

81 Defu Lane 10, Singapore 539217

### LETTABLE AREA

4,203.1 square metres

### TENANT NAME

Natural Cool Airconditioning &  
Engineering Pte Ltd

### LAND LEASE EXPIRY/TITLE

2050/Leasehold estate 30 years +  
30 years w.e.f. 1 December 1990

### VALUATION

S\$5,200,000

### PURCHASE CONSIDERATION

S\$5,000,000

### ACQUISITION DATE

15 November 2007

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$0.4 million



## 23 1 & 2 CHANGI NORTH STREET 2

1 & 2 Changi North Street 2  
Singapore 498808 & 498775

### LETTABLE AREA

11,693.7 square metres

### TENANT NAME

ETLA Limited

### LAND LEASE EXPIRY/TITLE

2061/Leasehold estate 30 years +  
30 years w.e.f 1 March 2001

2065/Leasehold estate 30 years +  
30 years w.e.f 23 November 2005

### VALUATION

S\$22,150,000

### PURCHASE CONSIDERATION

S\$22,110,000

### ACQUISITION DATE

19 October 2010

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$0.4 million

# Property Portfolio

## INDUSTRIAL AND WAREHOUSING PROPERTIES

Used by tenants for production and/or storage of cables, aluminium products, printed circuit boards and metals



### 24

#### 86/88 INTERNATIONAL ROAD

86/88 International Road,  
Singapore 629176/629177

##### LETTABLE AREA

12,772.5 square metres

##### TENANT NAME

Gliderol Doors (S) Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2054/Leasehold estate of 30 years +  
30 years w.e.f. 16 December 1994

##### VALUATION

S\$15,500,000

##### PURCHASE CONSIDERATION

S\$14,000,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.5 million



### 25

#### 23 TUAS AVENUE 10

23 Tuas Avenue 10,  
Singapore 639149

##### LETTABLE AREA

9,504.9 square metres

##### TENANT NAME

Reliance Logistic Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2056/Leasehold estate of 30 years +  
29 years w.e.f. 1 November 1997

##### VALUATION

S\$10,000,000

##### PURCHASE CONSIDERATION

S\$8,550,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.7 million



### 26

#### 9 TUAS VIEW CRESCENT

9 Tuas View Crescent,  
Singapore 637612

##### LETTABLE AREA

6,650.1 square metres

##### TENANT NAME

United Central Engineering Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2058/Leasehold estate of 30 years +  
30 years w.e.f. 16 July 1998

##### VALUATION

S\$6,800,000

##### PURCHASE CONSIDERATION

S\$5,600,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.6 million



## 27

### 28 SENOKO DRIVE

28 Senoko Drive,  
Singapore 758214

**LETTABLE AREA**  
14,803.0 square metres

**TENANT NAME**  
Tat Seng Packaging Group Ltd

**LAND LEASE EXPIRY/TITLE**  
2039/Leasehold estate of 30 years +  
30 years w.e.f. 16 December 1979

**VALUATION**  
S\$12,500,000

**PURCHASE CONSIDERATION**  
S\$12,000,000

**ACQUISITION DATE**  
25 June 2007

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$1.5 million



## 28

### 31 CHANGI SOUTH AVENUE 2

31 Changi South Avenue 2,  
Singapore 486478

**LETTABLE AREA**  
4,705.0 square metres

**TENANT NAME**  
Presscrete Engineering Pte Ltd

**LAND LEASE EXPIRY/TITLE**  
2055/Leasehold estate 30 years +  
30 years w.e.f. 1 March 1995

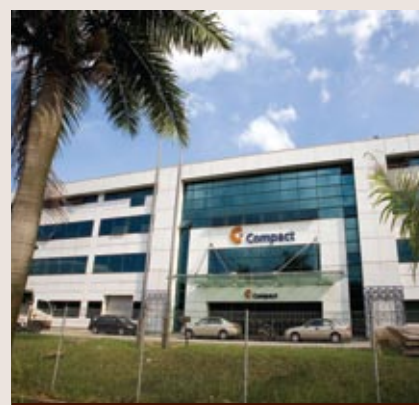
**VALUATION**  
S\$6,500,000

**PURCHASE CONSIDERATION**  
S\$5,800,000

**ACQUISITION DATE**  
27 July 2007

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$0.4 million



## 29

### 120 PIONEER ROAD

120 Pioneer Road,  
Singapore 639597

**LETTABLE AREA**  
22,716.0 square metres

**TENANT NAME**  
Compact Metal Industries Ltd

**LAND LEASE EXPIRY/TITLE**  
2055/Leasehold estate 30 years +  
28 years w.e.f. 16 February 1997

**VALUATION**  
S\$30,000,000

**PURCHASE CONSIDERATION**  
S\$26,500,000

**ACQUISITION DATE**  
24 October 2007

**OCCUPANCY RATE**  
100 percent

**GROSS FY2010 RENTAL INCOME**  
S\$2.0 million

# Property Portfolio

## INDUSTRIAL AND WAREHOUSING PROPERTIES

Used by tenants for production and/or storage of cables, aluminium products, printed circuit boards and metals.



### 30

#### 23 WOODLANDS TERRACE

23 Woodlands Terrace,  
Singapore 738472

##### LETTABLE AREA

11,559.5 square metres

##### TENANT NAME

Metform Industries Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2056/Leasehold estate of 30 years +  
30 years w.e.f. 16 November 1996

##### VALUATION

S\$15,500,000

##### PURCHASE CONSIDERATION

S\$15,408,000

##### ACQUISITION DATE

26 October 2007

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.2 million



### 31

#### CPI BUILDING

79 Tuas South Street 5,  
Singapore 637604

##### LETTABLE AREA

6,312.0 square metres

##### TENANT NAME

Creative Polymer Industries Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2060/Leasehold estate of 30 years +  
30 years w.e.f 1 February 2000

##### VALUATION

S\$9,600,000

##### PURCHASE CONSIDERATION

S\$10,400,000

##### ACQUISITION DATE

30 April 2008

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.8 million



### 32

#### 6 TUAS BAY WALK

6 Tuas Bay Walk,  
Singapore 637752

##### LETTABLE AREA

4,922.0 square metres

##### TENANT NAME

Multi-Tenanted

##### LAND LEASE EXPIRY/TITLE

2057/Leasehold estate of 30 + 30 years  
w.e.f 16 May 1997

##### VALUATION

S\$6,500,000

##### PURCHASE CONSIDERATION

S\$7,000,000

##### ACQUISITION DATE

18 January 2008

##### OCCUPANCY RATE

94.5 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.8 million



# 33

## 21B SENOKO LOOP

21B Senoko Loop,  
Singapore 758171

### LETTABLE AREA

10,755.4 square metres

### TENANT NAME

Tellus Marine Engineering Pte Ltd

### LAND LEASE EXPIRY/TITLE

2053/Leasehold estate of 30 years +  
30 years w.e.f. 1 February 1993

### VALUATION

S\$14,500,000

### PURCHASE CONSIDERATION

S\$14,670,000

### ACQUISITION DATE

28 January 2008

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$1.3 million



# 34

## 22 CHIN BEE DRIVE

22 Chin Bee Drive,  
Singapore 619870

### LETTABLE AREA

11,209 square metres

### TENANT NAME

Deluge Fire (S.E.A) Pte Ltd

### LAND LEASE EXPIRY/TITLE

2035/Leasehold estate of 30 years w.e.f  
16 September 2005

### VALUATION

S\$15,000,000

### PURCHASE CONSIDERATION

S\$S\$15,000,000

### ACQUISITION DATE

28 September 2010

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$0.3 million



# Property Portfolio

## INDUSTRIAL PROPERTIES

Primarily used by tenants for industrial activities, including precision engineering, metal stamping, plastic injection and extrusion, and metal fabrication works



### 35

#### 7 GUL LANE

7 Gul Lane, Singapore 629406

##### LETTABLE AREA

4,499.0 square metres

##### TENANT NAME

Nidec Component Technology Co., Ltd.

##### LAND LEASE EXPIRY/TITLE

2041/Leasehold estate of 30 years + 30 years w.e.f. 16 May 1981

##### VALUATION

S\$3,850,000

##### PURCHASE CONSIDERATION

S\$3,200,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.4 million



### 36

#### 31 KIAN TECK WAY

31 Kian Teck Way, Singapore 628751

##### LETTABLE AREA

3,074.0 square metres

##### TENANT NAME

Nidec Component Technology Co., Ltd.

##### LAND LEASE EXPIRY/TITLE

2042/Leasehold estate of 30 years + 19 years w.e.f. 1 September 1993

##### VALUATION

S\$3,600,000

##### PURCHASE CONSIDERATION

S\$3,200,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.4 million



### 37

#### TECHPLAS INDUSTRIAL BUILDING

45 Changi South Avenue 2, Singapore 486133

##### LETTABLE AREA

6,845.5 square metres

##### TENANT NAME

Chung Shan Plastics Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2055/Leasehold estate of 30 years + 30 years w.e.f. 1 September 1995

##### VALUATION

S\$9,550,000

##### PURCHASE CONSIDERATION

S\$8,250,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$0.6 million



# 38

## 2 TUAS SOUTH AVENUE 2

2 Tuas South Avenue 2,  
Singapore 637601

### LETTABLE AREA

20,474.1 square metres

### TENANT NAME

CS Industrial Land Pte Ltd

### LAND LEASE EXPIRY/TITLE

2059/Leasehold estate of 60 years w.e.f.  
4 January 1999

### VALUATION

S\$27,500,000

### PURCHASE CONSIDERATION

S\$23,000,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$2.1 million



# 39

## 28 WOODLANDS LOOP

28 Woodlands Loop,  
Singapore 738308

### LETTABLE AREA

12,249.9 square metres

### TENANT NAME

Sanwa Plastic Industry Pte Ltd

### LAND LEASE EXPIRY/TITLE

2055/Leasehold estate of 30 years +  
30 years w.e.f. 16 October 1995

### VALUATION

S\$14,000,000

### PURCHASE CONSIDERATION

S\$13,000,000

### ACQUISITION DATE

25 July 2006

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$1.4 million



# 40

## 511 & 513 YISHUN INDUSTRIAL PARK A

511 & 513 Yishun Industrial Park A,  
Singapore 768768 & 768736

### LETTABLE AREA

20,874.3 square metres

### TENANT NAME

Seksun International Pte Ltd

### LAND LEASE EXPIRY/TITLE

2054/Leasehold estate of 30 years +  
29 years w.e.f 1 June 1995

2053/Leasehold estate of 30 years +  
30 years w.e.f 1 December 1993

### VALUATION

S\$32,600,000

### PURCHASE CONSIDERATION

S\$32,600,000

### ACQUISITION DATE

30 November 2010

### OCCUPANCY RATE

100 percent

### GROSS FY2010 RENTAL INCOME

S\$0.2 million

# Property Portfolio

## SELF STORAGE & WAREHOUSING PROPERTY

Used by tenants for operating self storage business



### 41

#### 160 KALLANG WAY

160 Kallang Way, Singapore 349246

##### LETTABLE AREA

29,970.9 square metres

##### TENANT NAME

HC Design Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2033/Leasehold estate of 60 years w.e.f. 16 February 1973

##### VALUATION

S\$24,000,000

##### PURCHASE CONSIDERATION

S\$23,200,000

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$2.1 million

## CAR SHOWROOM & WORKSHOP PROPERTIES

Used by tenants as car showroom and for service workshop



### 42

#### 23 LORONG 8 TOA PAYOH

23 Lorong 8 Toa Payoh, Singapore 319257

##### LETTABLE AREA

4,718.7 square metres

##### TENANT NAME

Triangle Auto Pte Ltd,  
DCH Foton Auto Pte Ltd &  
Exklusiv Auto Services Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2052/Leasehold estate of 30 years + 30 years w.e.f. 1 February 1992

##### VALUATION

S\$13,000,000

##### PURCHASE CONSIDERATION

S\$12,869,747

##### ACQUISITION DATE

25 July 2006

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$1.4 million



### 43

#### 7 UBI CLOSE

7 Ubi Close, Singapore 408604

##### LETTABLE AREA

7,116.3 square metres

##### TENANT NAME

Group Eksklusiv Pte Ltd

##### LAND LEASE EXPIRY/TITLE

2024/Leasehold estate of 30 years w.e.f. 1 August 1994

##### VALUATION

S\$18,800,000

##### PURCHASE CONSIDERATION

S\$20,500,000

##### ACQUISITION DATE

14 November 2007

##### OCCUPANCY RATE

100 percent

##### GROSS FY2010 RENTAL INCOME

S\$2.5 million

# SINGAPORE INDUSTRIAL PROPERTY

## (MARKET OVERVIEW)

*As at 9 February 2011, prepared by DTZ Debenham Tie Leung (SEA) Ptd Ltd for the purpose of this annual report.*

### 1.0 ECONOMIC OVERVIEW

#### 1.1 Gross Domestic Product

Following the global economic downturn in 2008/2009, Singapore's economy recovered strongly in 2010 due to the robust expansion of the manufacturing sector as well as better performing services sectors. The opening of the Integrated Resorts in 2009/2010 also helped bolster the strong economic growth. Advance estimates from the Ministry of Trade and Industry ("MTI") indicated that real Gross Domestic Product ("GDP") growth for Singapore was 14.7% in 2010, one of the highest globally.

Going forward, Singapore's economy is poised to grow by 4% to 6% in 2011, in line with GDP growth in the past decade (Figure 1.1).

#### 1.2 Inflation

The exceptional economic growth as well as improving employment market in 2010 has led to strong cost pressures, resulting in the price increases of mainly domestic non-tradables e.g. accommodation and services. Consequently, the overall inflation rate in 2010 was 2.8%, above the 10-year average of 1.6%. The Monetary Authority of Singapore ("MAS") expects inflation to be about 2% to 3% in 2011.

#### 1.3 Sectoral Performance

The manufacturing sector, a key demand driver of factory space and a major constituent of economic growth (23% of Singapore's GDP in 2009) grew significantly by 30.4% in 2010, after contracting by 4.2% in 2008 and 4.1% in 2009. This exuberant growth was largely driven by the surge in biomedical and electronics industry clusters.

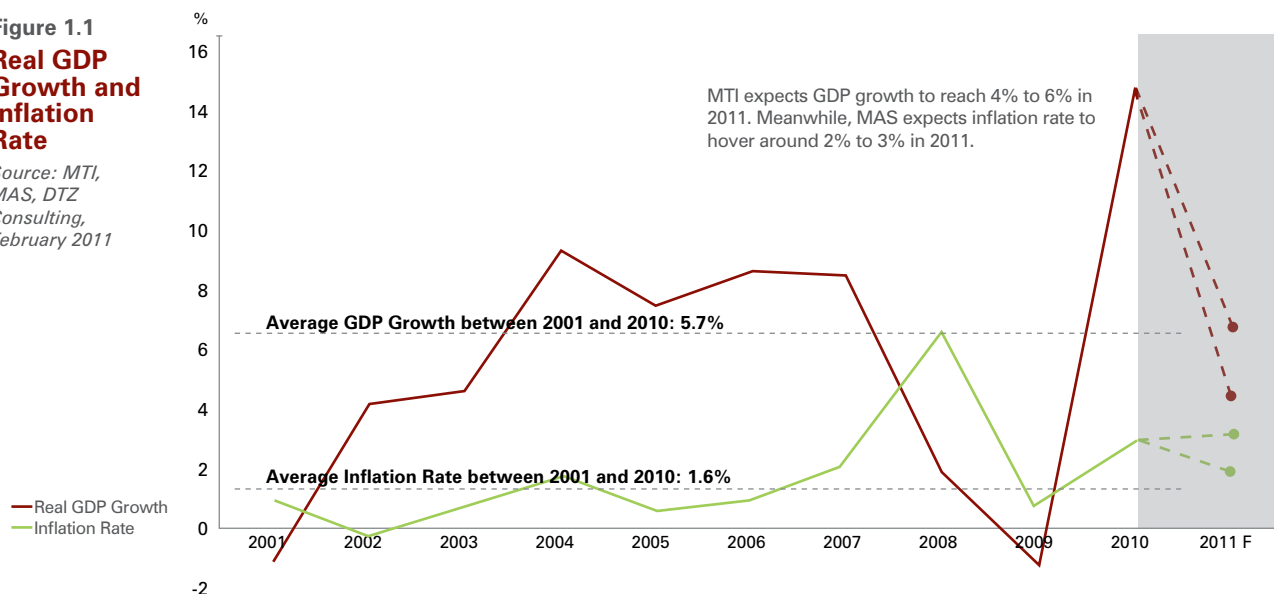
#### 1.4 Investment Commitments

Singapore achieved healthy investment commitments in 2010, on the back of global economic recovery and increasing interest in Asia. Fixed Asset Investments<sup>1</sup> ("FAI"), a key indicator of manufacturing investments, grew by 9.3% from \$11.8 billion<sup>2</sup> in 2009 to \$12.9 billion in 2010, surpassing previous forecasts (\$10.0 to \$12.0 billion). Total Business Spending<sup>3</sup> ("TBS") also rose significantly by 26.5% from \$6.8 billion in 2009 to \$8.6 billion in 2010 (Figure 1.2).

The overall value-added that is expected to be generated amounted to \$14.4 billion in 2010, a 15.2% increase from \$12.5 billion in 2009. That for the electronics industry cluster grew from \$1.8 billion in 2009 to \$2.0 billion in 2010 (Figure 1.3). In particular, the value-added from the engineering and environmental services as well as the logistics clusters increased the most significantly in 2010.

**Figure 1.1**  
**Real GDP Growth and Inflation Rate**

Source: MTI, MAS, DTZ Consulting, February 2011



1 FAI refers to capital investments in facilities, equipment and machinery.

2 All currencies are in Singapore dollars.

3 TBS refers to a company's annual operating expenditure when the project is fully implemented. The major components include wages, depreciation and rental.

# SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

**Figure 1.2**  
**Manufacturing Gross Value-added Growth and Investment Commitments**

Source: Economic Development Board ("EDB"), DTZ Consulting, February 2011



## 1.4 Investment Commitments

Continued

Dovetailing from the momentum from 2010, the government has a positive outlook for investments in 2011. FAI is expected to grow by up to 9% to about \$12.0 to \$14.0 billion in 2011, driven by the burgeoning interest in downstream specialty chemical projects enabled by recent large-scale investments in petrochemical cracker projects in Singapore e.g. Shell-Singapore Petrochemicals Complex.

## 1.5 Government Policies and Strategies in 2010

### 1.5.1 Budget 2010

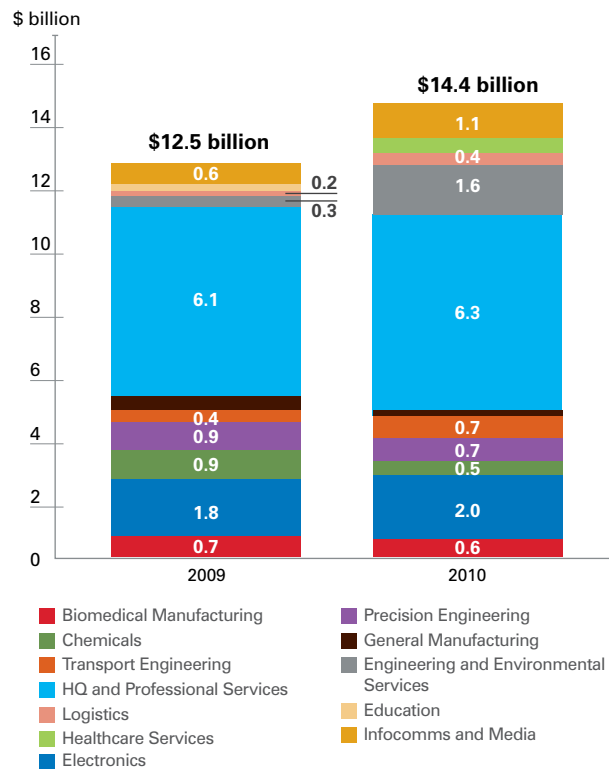
Through the Budget 2009's resilience package, aimed at addressing the economic downturn and stimulating the economy, Singapore successfully weathered one of the worst economic recessions.

Budget 2010 was primarily an expansionary budget that ensures that Singapore is able to leverage on recovery and global prospects. It focused on ensuring fiscal sustainability, raising economic productivity through restructuring and includes tax measures and incentives to enhance Singapore's position as an attractive investment destination.

Particularly, the initiative to support the growth of more globally competitive Singapore companies will help grow and sustain high-value activities in Singapore and create more quality jobs, in the manufacturing and services sectors (Table 1.1).

**Figure 1.3**  
**Value-added Expected to be Generated by Industry**

Source: EDB, DTZ Consulting, February 2011



# SINGAPORE INDUSTRIAL PROPERTY

## (MARKET OVERVIEW)

Table 1.1

### Key Initiatives in Budget 2010

Policy/ Initiative	Remarks
<b>Raising Productivity: Skills, Innovation and Economic Restructuring</b>	
Productivity and Innovation Credit	Provides significant tax deduction for investments in a range of six activities along the innovation value chain e.g. spending on equipment and software to automate processes and workers' training
Phasing out of Industrial Building Allowance scheme and implementation of the Land Intensification Allowance ("LIA") Incentive	Businesses in manufacturing may claim LIA on qualifying capital expenditure incurred for the construction of a qualifying industrial building or structure
National Productivity Fund ("NPF")	The NPF will provide funding for initiatives customised to specific industries, clusters and enterprises, particularly those which have potential for larger gains in productivity
Raising Foreign Worker Levies	To complement the government's support for enterprise innovation and workers' upgrading
<b>Growing Globally Competitive Companies</b>	
Improving access to growth finance	Includes new incentive to encourage eligible individuals who are able and willing to invest in start-ups and help them grow e.g. through their management expertise and business networks as well as the provision of growth capital through co-investment
Extension of and enhancement to listed Real Estate Investment Trusts ("REIT") concessions	Certain stamp duty and tax concessions will be extended

Source: Ministry of Finance ("MOF"), DTZ Consulting, February 2011

### 1.5.2 Economic Strategies Committee

The government formed the Economic Strategies Committee ("ESC") in May 2009, to develop strategies to grow Singapore's future as a leading global city. In February 2010, the ESC announced a set of recommendations, of which those impacting the industrial real estate market are

highlighted in Table 1.2. Particularly, the recommendation to intensify industrial land use and rejuvenate mature industrial estates reflects long-term improvements for Singapore's industrial real estate market.

Table 1.2

### Selected ESC Strategies

ESC Strategies
<b>Anchoring Singapore as a Global-Asia Hub for Manufacturing and Services</b>
<ul style="list-style-type: none"> <li>Continue to entrench Singapore as a location for global businesses to manage and integrate their pan-Asian operations;</li> <li>Grow opportunities in ASEAN to realise the vision of a single market under the ASEAN Economic Community;</li> <li>Retain a globally competitive manufacturing sector at 20% to 25% of GDP by shifting to complex and high value-added activities and growing manufacturing-related services;</li> <li>Build on strengths in risk management, trading, asset management, private banking, loan syndication, project financing and capital-raising as well as integrate physical trade with related services;</li> <li>Develop Singapore as a leading consumer business centre; and</li> <li>Position Singapore as the location for "future-ready" urban solutions.</li> </ul>
<b>Become a Smart Energy Economy</b>
<ul style="list-style-type: none"> <li>Diversifying energy sources e.g. exploring coal and electricity imports;</li> <li>Early investment in public goods such as energy infrastructure e.g. liquefied natural gas terminals;</li> <li>Developing Jurong Island as an energy-optimised industrial cluster; and</li> <li>Stepping up measures and incentives to promote energy efficiency for buildings, industry and in homes.</li> </ul>
<b>Enhance Land Productivity to Secure Future Growth</b>
<ul style="list-style-type: none"> <li>Intensification of industrial land use and comprehensive rejuvenation of mature industrial estates towards more land-efficient and higher value-added activities;</li> <li>Studying ways to inject greater land use flexibility;</li> <li>Enhancing diversity of business locations to support a range of enterprise needs;</li> <li>Undertaking a masterplan for the progressive development of a new waterfront city at Tanjong Pagar;</li> <li>Studying the feasibility of a consolidated port at Tuas; and</li> <li>Creating new land and space (e.g. underground spaces).</li> </ul>

Source: ESC, DTZ Consulting, February 2011

## SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

In line with the Budget 2010 and ESC recommendations, the MTI introduced initiatives and programmes in 2010 which include the following:

- \$366.54 million will be set aside for developing industrial infrastructure, including one-north, Jurong Rock Cavern and supporting infrastructure at Seletar Airport; and
- \$2.82 billion will be set aside for land-related expenditure, including the reclamation and development of land in Jurong Island and Tuas View Extension.

### 1.5.3 Revision of Project Completion Period

To ensure more timely supply of industrial space to meet demand, the government has revised the Project Completion Period ("PCP") for Industrial Government Land Sale ("GLS") sites triggered for sale from the Reserve List<sup>4</sup> or launched for sale from the Confirmed List<sup>5</sup>, with effect from 1 January 2011 (Table 1.3).

Table 1.3

#### Revision of PCP for Industrial GLS Sites

Maximum Permissible Gross Floor Area ("GFA")	Project Completion Period	
	Before 1 January 2011	From 1 January 2011
GFA < 50,000 sq m (538,200 sq ft)	8 years	5 years
GFA ≥ 50,000 sq m (538,200 sq ft)		7 years

Source: MTI, DTZ Consulting, February 2011

### 1.6 Outlook

While economic growth is expected to moderate in 2011, Singapore is well positioned to ride on the global-Asia growth momentum. Coupled with strong support from the government e.g. "Host to Home"<sup>6</sup> by the EDB, economic prospects are relatively positive.

The survey of business expectations for January to June 2011 indicated that the manufacturing business climate is expected to remain healthy. Particularly, market sentiments for the transport engineering cluster is the most upbeat, followed by the electronics cluster. Other manufacturing clusters also expect a healthy business outlook in the coming six months as the global economy shows signs of steady improvement.

## 2.0 OVERVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

### 2.1 2010 Highlights

Major highlights in Singapore's industrial property market in 2010 are mainly from the JTC Corporation ("JTC"), which include:

- New plans i.e. infrastructure works and building projects at Seletar Aerospace Park, a 300-ha aerospace hub, such as the Business Aviation Complex and Component Manufacturing and MRO<sup>7</sup> Facilities;
- Launching of plans for the development for a MedTech cluster on a 7.4-ha site near Tukang Industrial Park;
- Introduction of new industrial land use concepts e.g. Plug-and-Play factory and new high-rise, low footprint concept for biologics companies;
- Expansion of one-north through Mediapolis, a research and innovation cluster focusing on high quality media production; and
- Listing of various industrial and logistics REITs in Singapore.

In particular, JTC has initiated the second stage of its divestment exercise of 4.68 million sq ft of industrial assets, comprising 15 flatted factory blocks and six amenity centres in January 2011. This follows its initial divestment of 11.8 million sq ft (\$1.7 billion) of high-rise, ready-built industrial properties to Mapletree Investments Pte Ltd in July 2008. One of JTC's objectives for these divestment exercises is to promote competitiveness and vibrancy in the industrial property market. Being asset-light also enables JTC to focus on seeding new ideas and developing innovative projects/ concepts that can create a more dynamic industrial landscape.

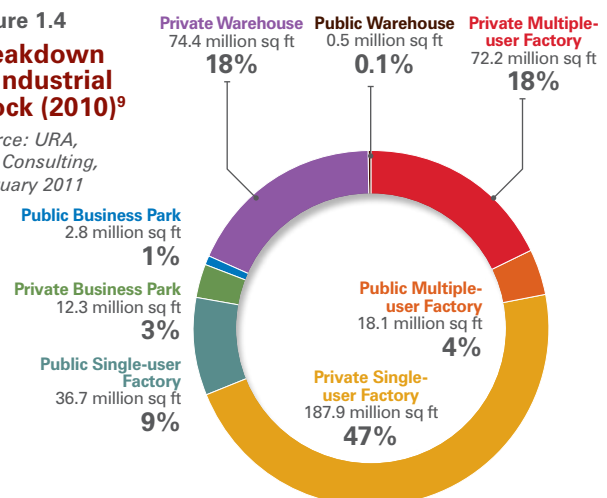
### 2.2 Existing Stock in the Industrial Market

As at Q4 2010, Singapore has 404.9 million sq ft<sup>8</sup> of private and public industrial space, comprising multiple-user factory (22%, 90.3 million sq ft), single-user factory (56%, 224.7 million sq ft), business parks (4%, 15.0 million sq ft) and warehouse (18%, 74.9 million sq ft) spaces (Figure 1.4).

Figure 1.4

#### Breakdown of Industrial Stock (2010)<sup>9</sup>

Source: URA, DTZ Consulting, February 2011



4 GLS sites under the Reserve List are not released for tender immediately but are instead made available for application. If a developer/ investor is interested in tendering for a reserve list site, he/ she would have to submit an application to the land sales agent and indicate the minimum price he is prepared for bid for the site in the tender. If the minimum price satisfies the government's reserve price, the applicant will be invited to sign an agreement to bid for the site at a price no lower than the minimum price. Once the agreement is signed, a public tender for the site will be called.

5 Confirmed list sites are launched for tender on a predetermined date announced upfront at the start of each 6-monthly GLS programme. No application from developers is

required to trigger sites for tender under the confirmed list.

6 "Host to Home" articulates the EDB's strategies to distinguish Singapore for the future. As a "Host", Singapore has attracted a myriad of high value-added investments in manufacturing, services and R&D. In addition, the EDB plans to build on current strengths and add new layers of capabilities to enable Singapore to become a "Home for Business", a "Home for Innovation" and a "Home for Talent."

7 Maintenance, repair and overhaul.

8 All existing supply are in Net Lettable Area ("NLA").

9 Figures in this report may not add up due to rounding off.

# SINGAPORE INDUSTRIAL PROPERTY

## (MARKET OVERVIEW)

About 14% (58.0 million sq ft) of total industrial space are owned by the public sector; government statutory boards such as Urban Redevelopment Authority ("URA"), JTC and Housing Development Board ("HDB"). Public industrial developments are mostly single-user and multiple-user factories, usually located in the Central and West Regions. Over the past decade, public industrial stock has decreased by about 13% due to continued divestment by the public sector.

On the other hand, private industrial stock has increased by about 35% from 256.0 million sq ft in 2001 to 346.8 million sq ft in 2010. Of this, 79% is factory space while 21% is warehouse space. Private warehouse space also constitutes 99% of total warehouse space in Singapore. Majority of private factory space (42%) and private warehouse space (59%) is located in the West Region, where the Jurong and Tuas Industrial Estates as well as Jurong Island are located (Table 1.4).

Table 1.4

### Breakdown of Industrial Space in Singapore by Ownership and Region

Region (million sq ft)	Private Factory	Public Factory	Private Warehouse	Public Warehouse
Central	20%	24%	18%	85%
	(55.5)	(13.8)	(13.5)	(0.4)
East	13%	16%	13%	15%
	(35.5)	(9.1)	(9.9)	(0.1)
North East	7%	9%	5%	0%
	(20.4)	(5.4)	(3.5)	(0.0)
North	17%	11%	5%	0%
	(45.8)	(6.3)	(3.9)	(0.0)
West	42%	40%	59%	0%
	(115.2)	(23.0)	(43.5)	(0.0)
Total	100%	100%	100%	100%
	(272.4)	(57.6)	(74.4)	(0.5)

Source: URA, DTZ Consulting, February 2011

## 3.0 PRIVATE FACTORY SPACE

### 3.1 Existing Supply

Total private factory stock increased by 3% (7.3 million sq ft) from 265.1 million sq ft in 2009 to 272.4 million sq ft in 2010, which was lower compared to the increase in 2008 (18.5 million sq ft) and 2009 (14.0 million sq ft).

New supply in 2010 comprised mainly single-user factory developments (46%), while 29% and 25% were business park and multiple-user factory space respectively. Major new factory developments completed in 2010 are summarised in Table 1.5.

Table 1.5

### Major Private Factory Developments Completed in 2010

Developer/Development	Type	Location	Planning Region	NLA (sq ft)
Boustead Projects Investments Pte Ltd	Single-user factory/Warehouse	Tampines Industrial Avenue 5	East	287,400
Tuas Lot	Multiple-user factory	Tuas Avenue 11	West	255,100
Jurong Data Centre	Business park	International Business Park	West	249,700
Mapletree Business City (MBC 20 and 30)	Business park	Pasir Panjang Road	Central	1,273,400
One Commonwealth	Multiple-user factory	Commonwealth Lane	Central	272,300
Midview City	Multiple-user factory	Sin Ming Lane	Central	1,260,500
3M Innovation Singapore Pte Ltd	Single-user factory	Tuas Link 4	West	235,700
Rolls-Royce Singapore Pte Ltd	Single-user factory	Seletar Aerospace Crescent	North East	255,100
Seagate Technology International	Single-user factory	Woodlands Avenue 5	North East	221,700

Source: URA, DTZ Consulting, February 2011

Of the private factory stock in 2010, about 27% (72.2 million sq ft) was multiple-user factory space, 71% (187.9 million sq ft) was single-user factory space while the remaining 5% (12.3 million sq ft) was business park space.

### 3.2 Potential Supply<sup>10</sup>

According to the URA, about 33.5 million sq ft<sup>11</sup> of private factory space is in the pipeline as at Q4 2010. Some 58% (19.5 million sq ft) is under construction while the remaining 42% (14.0 million sq ft) is planned. Majority of the potential private factory supply is expected to complete in 2011 (39%, 13.2 million sq ft) and 2012 (33%, 10.9 million sq ft) (Figure 1.5).

Majority (43%, 14.4 million sq ft) of the potential private factory space from 2011 onwards is located in the West Region, with 21% (7.1 million sq ft) in the North Region and 18% (6.0 million sq ft) in the Central Region. The remaining is located in the East Region (11%, 3.7 million sq ft) and North East Region (7%, 2.4 million sq ft). Major private factory developments completing in 2011 are summarised in Table 1.6.

<sup>10</sup> All potential supply are in GFA.

<sup>11</sup> Includes all private factory space in the pipeline, regardless of size or planning status.

## SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

Figure 1.5

### Potential Supply of Private Factory Space by Development Status<sup>12</sup> and Expected Year of Completion

Source: URA, DTZ Consulting, February 2011

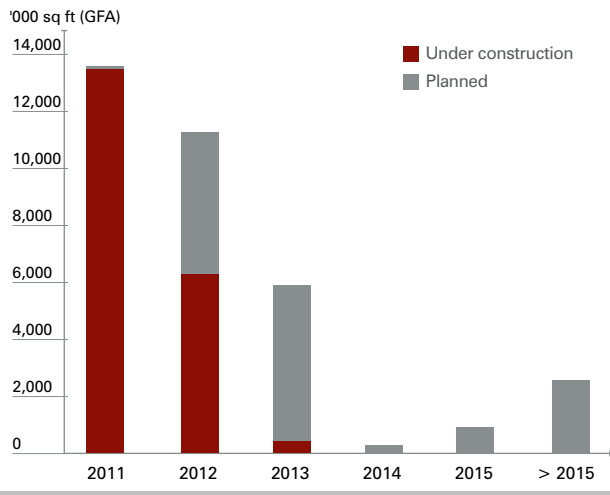


Table 1.6

### Major Private Factory Developments Completing in 2011

Developer/Development	Type	Location	Planning Region	GFA (sq ft)
Singapore Refining Company Pte Ltd	Single-user factory	Merlimau Road	West	296,500
Rolls-Royce Singapore Pte Ltd	Single-user factory	Seletar Aerospace Park	North East	386,600
Trivex	Multiple-user factory	Playfair Road	Central	221,600
UE BizHub East	Business Park	Changi Business Park Avenue 1	East	510,400
West Park BizCentral	Multiple-user factory	Tanjong Kling Road	West	1,414,600
Woodlands BizHub	Multiple-user factory	Woodlands Industrial Park E5	North	400,500

Source: URA, DTZ Consulting, February 2011

### 3.3 Government Land Sales

In view of the positive economic conditions and stronger tendering interest from developers/ investors in the Industrial GLS Programme for 2010, the government announced the Industrial GLS Programme for H1 2011 in 31 December 2010. It comprises four sites on the Confirmed List and seven sites in the Reserve List, with a total site area of 17.67 ha (Table 1.7).

Table 1.7

### Industrial GLS Programme for H1 2011

Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Remarks
<b>Confirmed List</b>					
Ang Mo Kio Street 62	2.80	Business 1	2.5	60	• URA • Launched for tender in January 2011
Fusionopolis Link	0.63	Business Park - White	4.0 W (40)	60	• JTC • February 2011
Irving Place	0.33	Business 1- White	3.5 (B1 – 2.5)	60	• URA • April 2011 • Previously on H2 2010 Reserve List
Woodlands Avenue 12	2.06	Business 1	2.5	60	• URA • May 2011
<b>Reserve List</b>					
Pioneer Road North/ Soon Lee Road (Parcel 3)	1.70	Business 2	2.0	30	• URA • February 2011
Woodlands Avenue 12 (Parcel 3)	1.88	Business 1	2.5	60	• URA • March 2011
Gambas Avenue (Parcel Se)	1.90	Business 1	2.5	60	• URA • June 2011
Kaki Bukit Road 4/ Bartley Road East	2.63	Business 2	2.0	30	• URA • June 2011
Serangoon North Avenue 4 (Parcel 1)	0.80	Business 1	2.5	60	• JTC • Available
Tuas View Square	0.44	Business 2	0.9	45	• URA • Available
Kaki Bukit Road 4	2.50	Business 2	1.0	30	• URA • Launched for tender in January 2011

Source: URA, DTZ Consulting, February 2011

<sup>12</sup> Includes the supply from new development and redevelopment projects with provisional and written permission as well from other categories of supply e.g. (i) projects with Outline Provisional Permission, (ii) developments submitted for planning approval and which are under consideration, (iii) projects on awarded GLS sites for which plans have not been submitted for approval, (iv) planned projects in the GLS programme (sites on the Confirmed List and triggered sites on the Reserve List, (v) planned public developments for which plans have not been submitted to URA for planning approval.

# SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

### 3.4 Demand and Occupancy

Annual demand for private factory space over the past decade averaged 7.2 million sq ft, while average annual supply for the same period was 8.0 million sq ft. With the exception of the lacklustre annual demand in 2009, annual demand for private factory space has outstripped annual supply since 2003, reflecting a relatively healthy long-term demand trend (Figure 1.6).

Owing to strong economic performance and improved business sentiments, annual demand for private factory space (9.5 million sq ft) exceeded annual supply (7.3 million sq ft) in 2010.

Consequently, overall occupancy for private factory space increased from 90.6% in 2009 to 91.7% in 2010. While

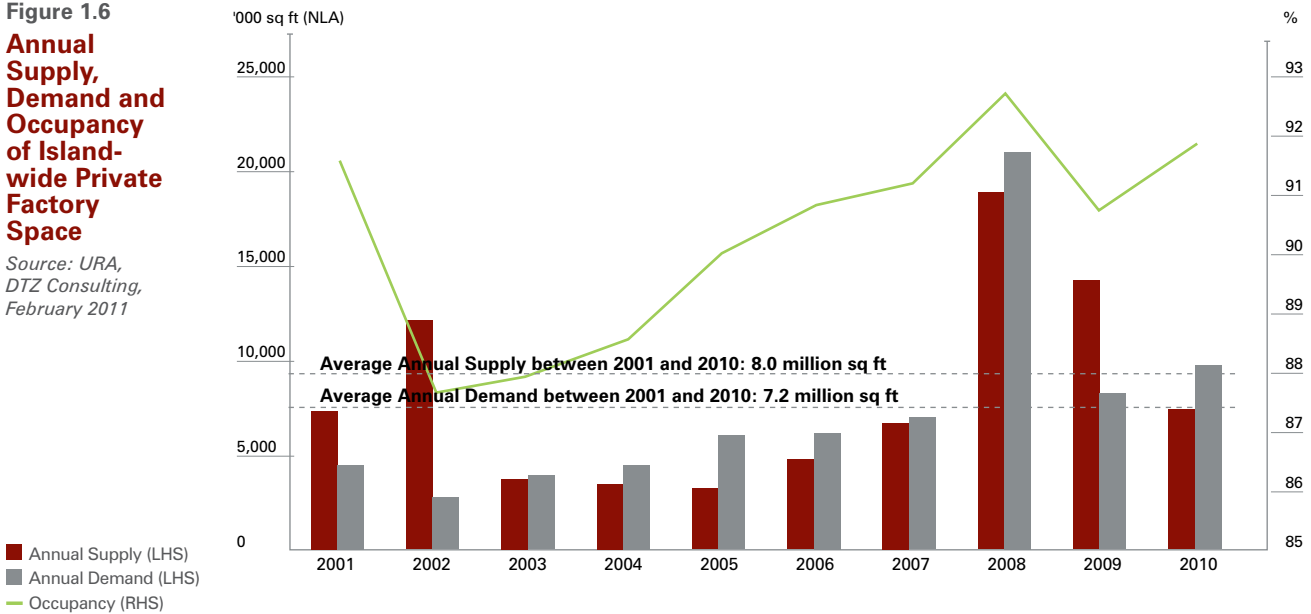
occupancy for private multiple-user and single-user factories grew from 86.0% and 93.2% in 2009 to 87.7% and 94.6% in 2010 respectively, that for business park space fell from 77.0% to 71.1% over the same period (Figure 1.7). This decline in occupancy for business parks was due to the completion of large scale business park projects in 2010.

### 3.5 Multiple-user Median Rents

Following the rental decline of 12.1% for private multiple-user factory space in 2009, rentals grew by 11.7% in 2010, a result of significant expansion in the manufacturing sector. As at end 2010, median rents for private multiple-user factory space were \$1.64 per sq ft per month, about 5% lower than the peak (\$1.73 per sq ft per month) in Q3 2008 (Figure 1.8).

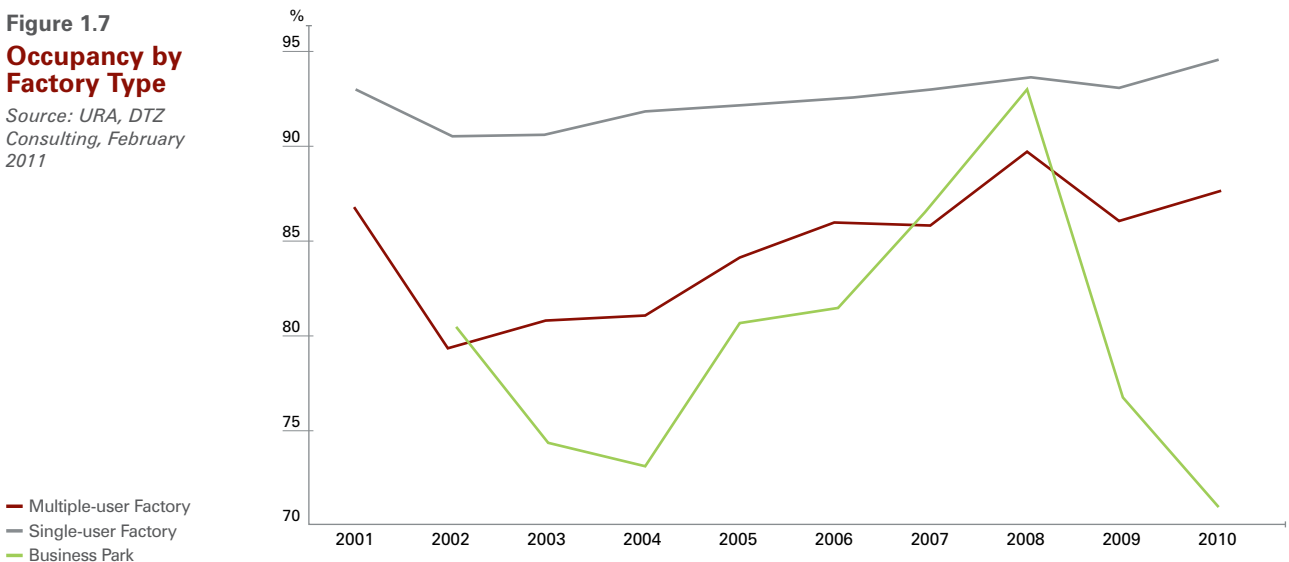
**Figure 1.6**  
**Annual Supply, Demand and Occupancy of Island-wide Private Factory Space**

Source: URA, DTZ Consulting, February 2011



**Figure 1.7**  
**Occupancy by Factory Type**

Source: URA, DTZ Consulting, February 2011



# SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

### 3.6 Multiple-user Median Prices

While the decline of median prices (14.2%) for private multiple-user factory in 2009 was higher than that for median rentals (12.1%), median prices rose significantly by 23.7% from \$302 per sq ft in 2009 to \$373 per sq ft in 2010. As a result, median prices for private multiple-user factory space in Q4 2010 were similar to the price peak (\$377 per sq ft) in Q3 2008.

The growth for private multiple-user factory median prices was partly driven by asset price inflation due to high liquidity as well as low interest rates.

The significant price growth also reflects greater interest in the industrial sales market. The implementation of measures to ensure sustainable growth in the residential property market and relatively lower unit price of industrial properties, compared with those for residential and office, have made industrial space relatively more attractive (Figure 1.9).

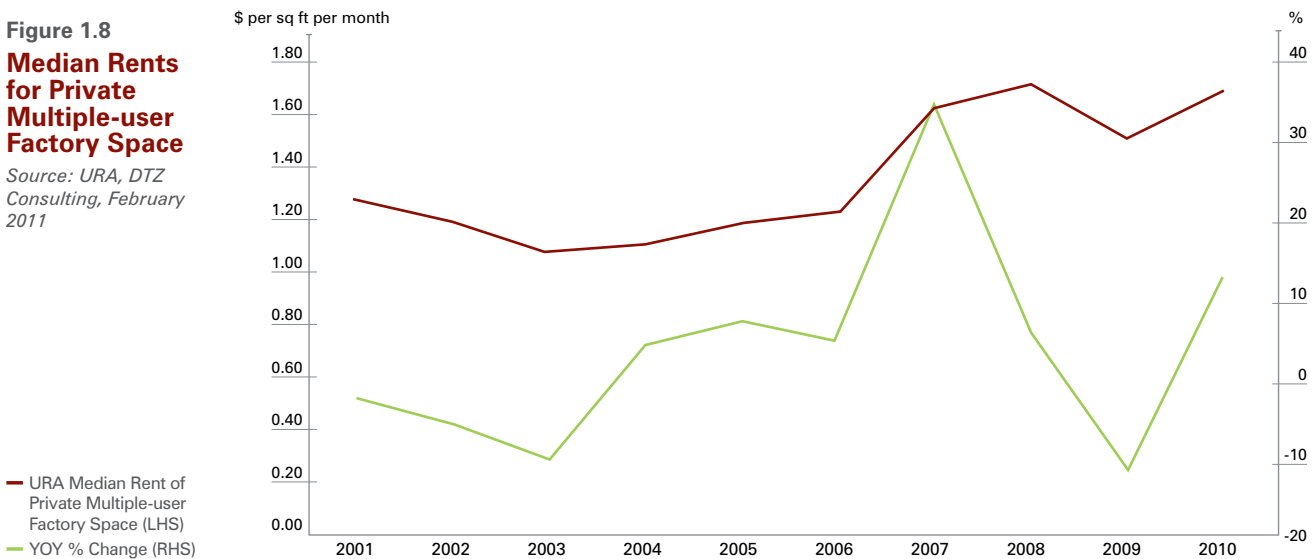
### 3.7 Outlook

Despite healthy economic prospects and relatively optimistic business sentiments for the manufacturing sector, rising inflationary pressures and over-heating risks in major economies in China as well as continued uncertainty in the US, Middle East and Europe, will soften the rental growth of private multiple-user factory space in 2011. The impact of the substantial new supply in 2011 will also contribute to the moderated rental growth for private factory space.

Notwithstanding, strong investment commitments, mainly FAIs, will continue to bolster the factory market. Consequently, rents for private multiple-user factory space are expected to grow by about 5% in 2011. Meanwhile, price growth for private multiple-user factory space is expected to be about 10% in 2011.

**Figure 1.8**  
**Median Rents for Private Multiple-user Factory Space**

Source: URA, DTZ Consulting, February 2011



**Figure 1.9**  
**Median Prices for Private Multiple-user Factory Space**

Source: URA, DTZ Consulting, February 2011



# SINGAPORE INDUSTRIAL PROPERTY

## (MARKET OVERVIEW)

### 4.0 PRIVATE WAREHOUSE SPACE

#### 4.1 Existing Supply

Total private warehouse stock increased by 1% (0.9 million sq ft) from 73.5 million sq ft in 2009 to 74.4 million sq ft in 2010, which was significantly lower compared to the increase in 2008 (3.9 million sq ft) and 2009 (2.9 million sq ft). Major new warehouse developments completed in 2010 include (Table 1.8):

Table 1.8

#### Major Private Warehouse Developments Completed in 2010

Developer	Location	Planning Region	NLA (sq ft)
Bok Seng Logistics Pte Ltd	Tuas Avenue 3	West	123,800
GKE Warehousing & Logistics Pte Ltd	Pioneer Road	West	240,000
Charles & Keith Holding Pte Ltd	Tai Seng Link	North East	152,800
Edgen Murray Pte Ltd	Tuas South Street 5	West	147,500

Source: URA, DTZ Consulting, February 2011

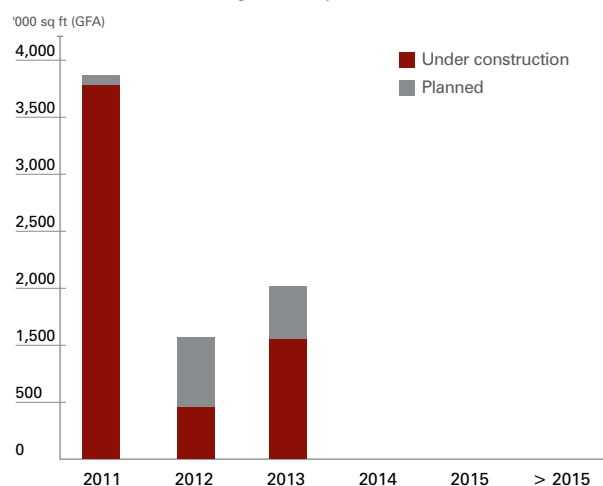
#### 4.2 Potential Supply

According to the URA, about 7.2 million sq ft<sup>13</sup> of private warehouse space is in the pipeline as at Q4 2010. Of this, 78% (5.7 million sq ft) is under construction while the remaining 22% (1.6 million sq ft) is planned. Majority (51%, 3.7 million sq ft) of the potential supply is expected to complete in 2011, while the remaining 49% is evenly distributed over 2012 and 2013 (Figure 1.10).

Figure 1.10

#### Potential Supply of Private Warehouse Space by Development Status<sup>14</sup> and Expected Year of Completion

Source: URA, DTZ Consulting, February 2011



<sup>13</sup> Includes all private warehouse space in the pipeline, regardless of size or planning status.

<sup>14</sup> Includes the supply from new development and redevelopment projects with provisional and written permission as well from other categories of supply e.g. (i) projects with Outline Provisional Permission, (ii) developments submitted for planning approval and which are under consideration, (iii) projects on awarded GLS sites for which plans have not been submitted for approval, (iv) planned projects in the GLS programme (sites on the Confirmed List and triggered sites on the Reserve List, (v) planned public developments for which plans have not been submitted to URA for planning approval.

Majority (61%, 4.4 million sq ft) of the potential private warehouse space is situated in the West Region, while only 3% (0.2 million sq ft) is in the North East Region. The remaining 36% of the supply pipeline for private warehouse space is evenly distributed across the East, North and Central Regions.

Table 1.9

#### Major Private Warehouse Developments Completing in 2011

Developer/Development	Location	Planning Region	GFA (sq ft)
Keppel Logistics Pte Ltd (Additions/Alterations ("A/A"))	Benoil Road	West	118,200
UB. One	Ubi Avenue 4	East	75,800
Pan Asia Logistics Singapore Pte Ltd	Changi North Way	East	1,969,800

Source: URA, DTZ Consulting, February 2011

#### 4.3 Demand and Occupancy

Annual demand for private warehouse space over the past decade averaged 2.1 million sq ft while average annual supply for the same period was 2.1 million sq ft. Annual demand for private warehouse space has been outstripping annual supply since 2004. However, the private warehouse market was not spared from the economic turmoil in 2009, which saw annual demand shrink from 4.5 million sq ft in 2008 to 0.6 million sq ft in 2009.

The exceptional economic growth in 2010, particularly in the logistics sector, revived the demand for private warehouse space, with annual demand more than tripling from 0.6 million sq ft in 2009 to 1.9 million sq ft in 2010, well exceeding the annual supply in 2010 (0.9 million sq ft).

Consequently, occupancy for private warehouse space, increased from 89.9% in 2009 to 91.4% in Q4 2010, back to pre-crisis levels in 2007 (Figure 1.11).

#### 4.4 Median Rents

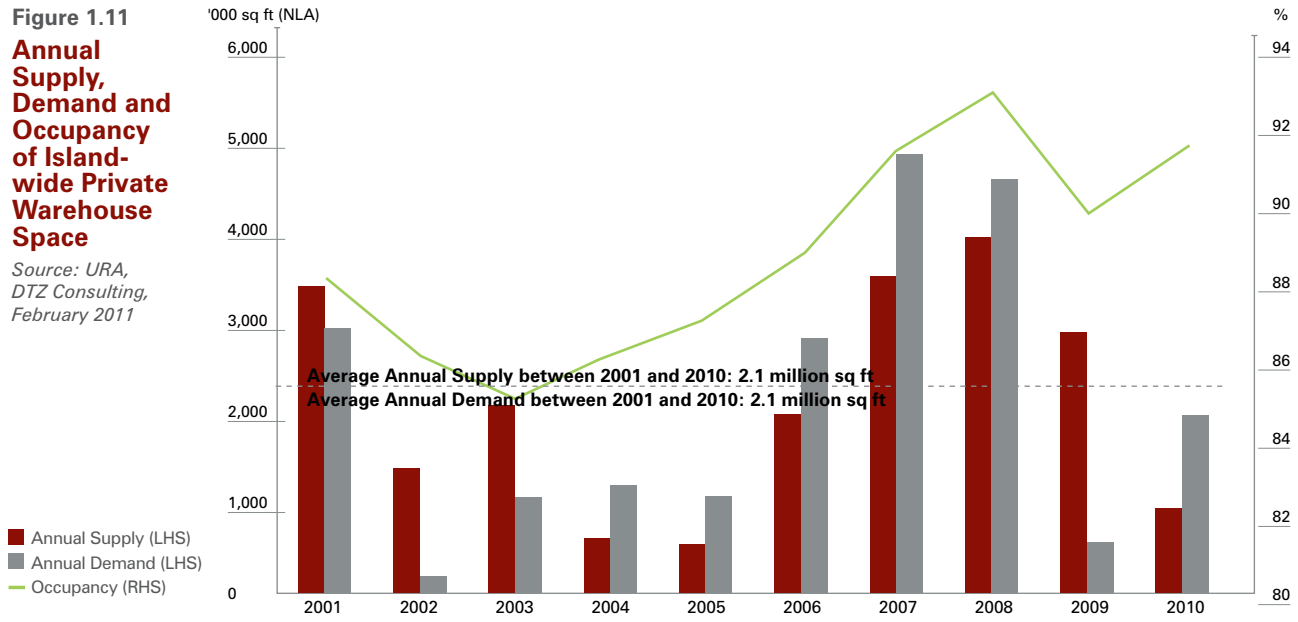
Compared with private multiple-user factory median rents, private warehouse rentals have been relatively less volatile over the past decade. Nevertheless, private warehouse median rents registered a 15.5% decline during the economic downturn in 2009, more significant than that for private multiple-user factory.

Private warehouse median rents also grew significantly (17.7%) in 2010 to \$1.63 per sq ft per month, matching up to private multiple-user factory rents in the same period (Figure 1.12).

## SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

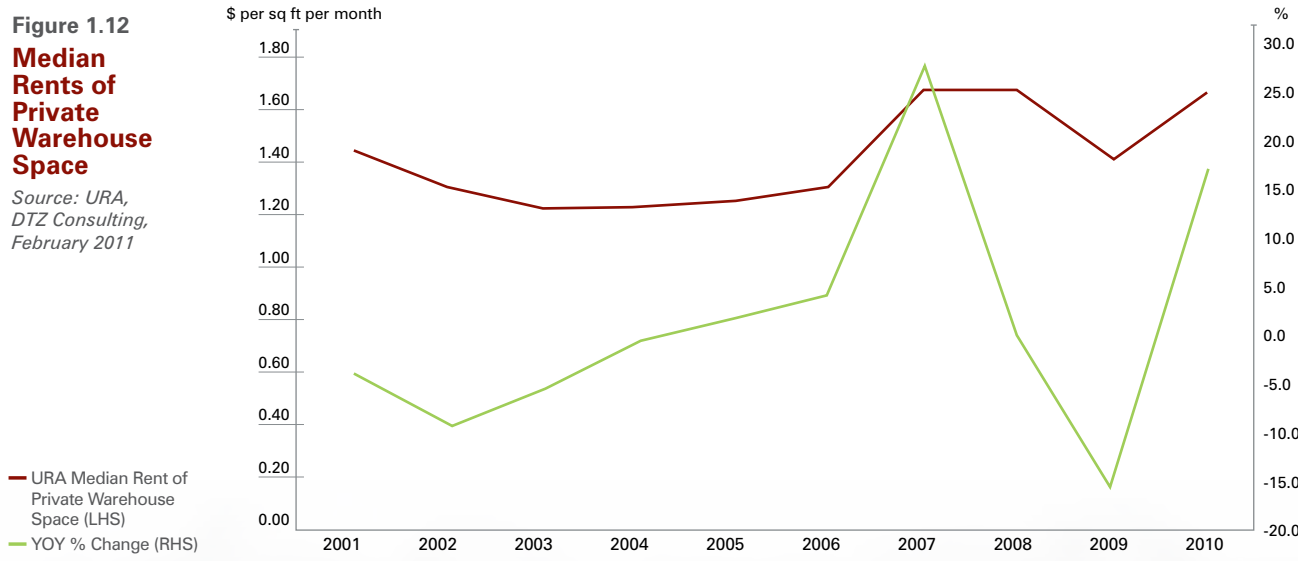
**Figure 1.11**  
**Annual Supply, Demand and Occupancy of Island-wide Private Warehouse Space**

Source: URA, DTZ Consulting, February 2011



**Figure 1.12**  
**Median Rents of Private Warehouse Space**

Source: URA, DTZ Consulting, February 2011



# SINGAPORE INDUSTRIAL PROPERTY (MARKET OVERVIEW)

## 4.5 Median Prices

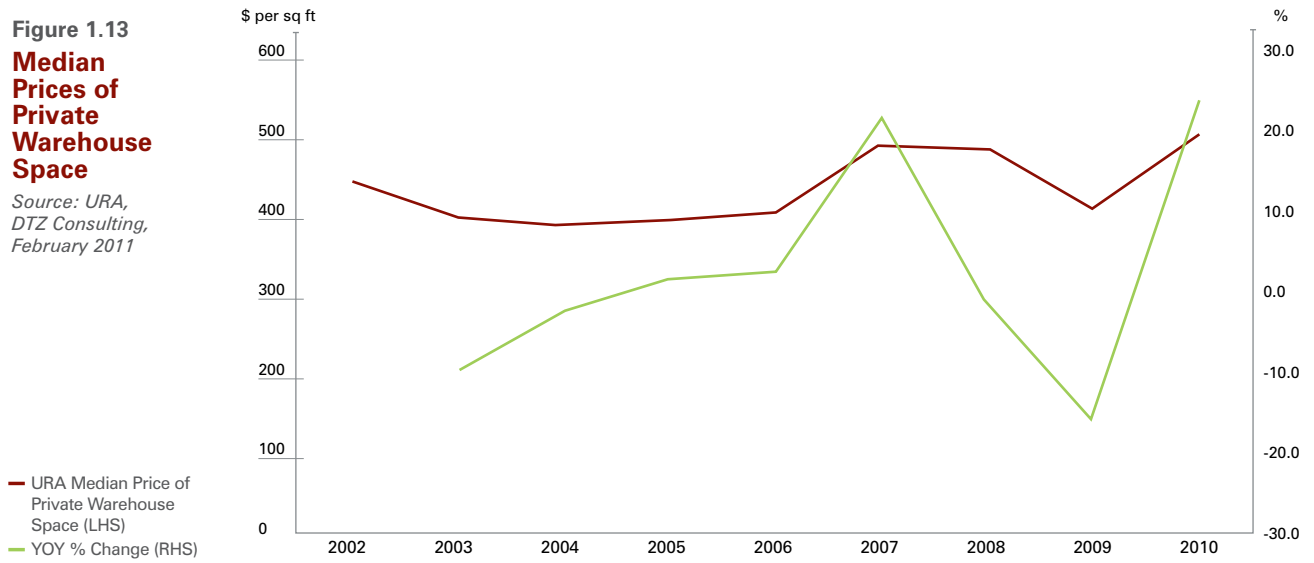
Dovetailing from the significant rental growth, private warehouse median prices rose at the same pace (23.7%) as median prices for private multiple-user factory space in 2010. Despite the higher base price for private warehouse developments, the limited supply and rising demand for warehouse space have led to a surge in private warehouse median prices in 2010. Private warehouse median prices were \$497 per sq ft as at end 2010, indicating that warehouse prices have risen back to previous price peaks in Q3 2008 (Figure 1.13).

## 4.6 Outlook

In view of more positive prospects for the manufacturing and logistics sectors, demand for storage is expected to improve in line with growing consumption and manufacturing activities. Consequently, warehouse rents and prices are expected to rise by 5% and 8% in 2011 respectively.

**Figure 1.13**  
**Median Prices of Private Warehouse Space**

Source: URA, DTZ Consulting, February 2011



# CORPORATE GOVERNANCE

The Manager is committed to maintaining high standards of corporate governance in line with the Code of Corporate Governance 2005 ("the Code"). The Board and management believe that sound corporate governance policies and practices are essential to protect the Unitholders' interests, and will continue to improve and refine its practices to adhere to the spirit of the Code.

As a MAS capital markets services licence holder, the Manager expects to meet and/or exceed MAS corporate governance requirements and practices.

## BOARD MATTERS

### The Board's conduct of affairs

*Principle 1: Every company should be headed by an effective Board to lead and control the company.*

The Board is elected by its shareholders to lead and to supervise the management of the business and affairs of the Manager and the Trust. The prime stewardship responsibility of the Board is to ensure that the Trust is managed in the best interest of all stakeholders, which includes protecting and enhancing Unitholders' interests and value in CIT.

The functions of the Board are defined broadly as follows:

- To provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Manager to meet its objectives;
- To establish a framework of prudent and effective controls which enables risk to be assessed and managed;
- To review senior management performance; and
- To set the Manager's values and standards and ensure that obligations to shareholders and others are understood and met.

The Board oversees a system of internal controls and business risk management processes that set the guidelines and approval limits for investments and divestments, bank borrowings, capital expenditure and cheque signatories.

### Composition of the Board

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board of the Manager comprises of three independent and five non-independent, non-executive directors and one executive director. The Board is of the view that the size of the Board is appropriate to facilitate effective decision-making.

The Board is represented by members with a breadth of expertise in banking, finance, real estate, law and management. The profiles of the Directors are found on pages 18 to 19.

### The Board members are:

Dr Chua Yong Hai	Chairman and Independent Director
Mr Tan Guong Ching	Independent Director
Professor Ong Seow Eng	Independent Director
Mr Ian Keith Crow	Non-executive Director
Mr Ian Andrew Smith	Non-executive Director
Mr John Charles Wood	Non-executive Director
Mr Michael Patrick Dwyer (Alternate: Mr Victor Ong Wei Tak) <sup>1</sup>	Non-Executive Director
Mr Masaki Kurita	Non-Executive Director
Mr Christopher Dale Calvert <sup>2</sup>	Executive Director

1 Appointed on 19 October 2010

2 Appointed on 4 August 2010

The members of the Board as a group provide core competencies to ensure the effectiveness of the Board. Board composition is reviewed periodically to ensure that the Board comprises directors with an appropriate mix of expertise and experience to discharge their duties and responsibilities.

The Directors receive appropriate training on appointment; this includes introductory information and briefings on the business operations by various senior executives. The Board as a whole also receives briefings on relevant new laws, risk management updates and changes in accounting standards, as and when they occur.

As a principle of good corporate governance, all Directors are appointed for 3 years, subject to extension for a further 3 years at the Board's and shareholders' discretion. Letters of appointment are issued to directors upon their appointment, which sets out their duties and responsibilities to the Manager and CIT, which includes seeking the Chairman's prior approval before accepting additional commitments which may affect time allocated to their role as a Director of the Manager.

None of the Directors of the Manager has entered into any service contract directly with CIT.

## Meeting Attendance

The Board meets at least once every quarter to review the performance and strategies of CIT.

As at 31 December 2010, the number of meetings held and Directors' attendances are set out in the table below:

Board Members	Board Meetings		Audit, Risk Management and Compliance Committee Meetings ("ARCC")	
	Held <sup>1</sup>	Attended	Held	Attended
Dr Chua Yong Hai	8	8	N/A	
Prof Ong Seow Eng	8	6	5	5
Mr Tan Guong Ching	8	7	5	4
Mr Michael Patrick Dwyer <sup>2</sup>	8	7	5	4
Mr Victor Ong Wei Tak <sup>3</sup>	8	N/A	N/A	
Mr Masaki Kurita	8	8		
Mr Ian Andrew Smith	8	8		
Mr Ian Keith Crow	8	8		
Mr John Charles Wood <sup>2</sup>	8	7		
Mr Christopher Dale Calvert <sup>4</sup>	8	2		
Ms Mari Takaba <sup>5</sup>	8	0		

<sup>1</sup> The Board held 3 adhoc Board Meetings in 2010, relating to specific projects.

<sup>2</sup> Mr John Charles Wood was appointed as a member of ARCC in place of Mr. Michael Patrick Dwyer effective 28 January 2011

<sup>3</sup> Mr Victor Ong Wei Tak was appointed as an alternate director to Mr. Michael Patrick Dwyer on 19 October 2010

<sup>4</sup> Mr Christopher Dale Calvert was appointed as Executive Director on 4 August 2010

<sup>5</sup> Ms Mari Takaba resigned as a director on 5 February 2010

Besides such meetings, the Management is in regular communication with Directors to discuss the activities of the Manager and CIT.

# CORPORATE GOVERNANCE

## Chairman and Chief Executive Officer

*Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate. The Chairman and the CEO are not related to each other, nor is there any business relationship between them. This is consistent with the principle of instituting an appropriate balance of power and authority.

The Chairman of the Board is an Independent Director. He leads the Board, ensures its effectiveness on all aspects of its role; sets its meeting agenda; arranges for Directors to receive accurate, timely and clear information; monitors the CEO's effective communication with Unitholders and other stakeholders; encourages constructive relations between the Board and management; and promotes high standards of corporate governance in general.

The CEO has full executive responsibilities over the business direction and operational decisions in managing CIT. He ensures the quality and timeliness of the flow of information between management and the Board, Unitholders and other stakeholders.

## Board membership

*Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.*

The Board recognises that Board renewal is a continuous process and one that is essential for ensuring that the Board remains relevant in CIT's business environment. Nominations are openly discussed and objectively evaluated by the Board before any appointment is made.

Given the current scale of operations of the Manager, the Board undertakes the review as to suitability of potential Board candidates, which may be nominated by any of the shareholders. Appointments of executive Directors and non-resident executive Directors are also subject to MAS approval.

## Board performance

*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The Board has in place a formal process to annually assess the effectiveness of the Board through feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the evaluation are reviewed by the Board with a view to continuing improvements.

## Access to information

*Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

The Board is provided with timely and complete information as and when the need arises. Board papers are distributed at least one week prior to Board meetings to ensure that Directors have sufficient time to review the information provided.

Board members have separate and independent access to the Manager's senior management as well as to the Company Secretaries. The Company Secretary attends all Board meetings, and ensures that board procedures and applicable regulations are complied with. Together with the CEO, they ensure good information flows between management and the Directors.

The Board takes independent professional advice as and when necessary, with approval from the Chairman, to enable it to discharge its responsibilities effectively. Individual Directors can access independent professional advice with the consent of the Chairman or ARCC Chairman, such consent not to be unreasonably withheld. For complex matters, the Board may from time to time appoint a sub-committee to assist the Board in its deliberations and to provide recommendations.

## REMUNERATION MATTERS

### Procedures for developing remuneration policies

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

Given the current scale of operations of the Manager, the Board feels that it is not necessary to form a dedicated Remuneration Committee. Instead, the Manager submits all material remuneration policy matters to the Board for determination. Where desirable, the Board may appoint a sub-committee to assist the Board in the deliberation and recommendation for matters relating to employee remuneration and like issues.

### Level and mix of remuneration

*Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

### Disclosure on remuneration

*Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives and performance.*

CIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. All directors and employees of the Manager are remunerated by the Manager and not CIT.

Remuneration is paid by the Manager to or at the direction of its Independent Directors. Other Non-executive Directors are not paid directors' fees by the Manager. The level of remuneration paid is appropriate to attract, retain and motivate the Independent Directors.

The Manager adopts an overall remuneration policy with the objective of attracting, motivating, rewarding and retaining quality staff. Staff remuneration comprises a fixed component in the form of a basic salary and a variable component in the form of a bonus. Variable bonus is linked to the performance of the individual and the Manager, which in turn is linked to the performance of CIT in the context of the industry and the economy. This helps align staff interests with those of CIT's Unitholders.

## ACCOUNTABILITY AND AUDIT

### Accountability

*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board is responsible for providing a balanced and understandable assessment of CIT's performance, position and prospects, which is closely tied to CIT's performance, position and prospects. This includes overseeing the production of interim and other price sensitive public reports and reports

to regulators, financiers and other stakeholders as required. Management provides the Board with relevant information on the performance of the Manager on a timely basis, in order that it may effectively discharge its duties.

Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET and press releases. The annual report of CIT is to be sent to Unitholders pursuant to both SGX Listing Manual & Property Funds Guidelines.

### Audit Committee

*Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The Audit, Risk Management and Compliance Committee's ("ARCC") scope of responsibilities includes oversight of risk management and compliance issues. The ARCC has three members, all of whom are non-executive and the majority independent. The members of the ARCC are:

1. Professor Ong Seow Eng	Chairman
2. Mr Tan Guong Ching	Member
3. Mr John Charles Wood <sup>1</sup>	Member

<sup>1</sup> Mr John Charles Wood was appointed as a member of the ARCC in place of Mr Michael Dwyer effective 28 January 2011.

The members bring with them invaluable experience and professional expertise in the accounting and financial, legal and business domains.

The ARCC functions are broadly defined as assisting the Board in fulfilling its oversight responsibilities by:

- reviewing the integrity of the financial information provided by the Manager to any governmental authority or the public;
- reviewing the adequacy of the systems of internal controls that Management and the Board have established;
- reviewing comprehensiveness of the audit and business processes to manage risks and safeguard both CIT and the Manager's assets and enhance shareholders' value;
- reviewing processes to manage compliance risk and, in particular, the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the Manager may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practices.

# CORPORATE GOVERNANCE

The ARCC's activities for financial year ended 31 December 2010, included the following:

**(a) Financial Reporting**

The ARCC reviewed the interim and annual financial statements and financial announcements required by the SGX-ST, for recommendation to the Board for approval.

**(b) External Audit**

The ARCC reviewed and approved the audit plan and scope with the external auditors and critically reviewed the report on the audit of the year-end financial statements. The ARCC reviewed the external auditors' objectivity and independence from management and the Manager. The appointment of the external auditors and the audit fee were also considered, and recommendations made to the Board on the selection of external auditor for CIT and the Manager.

**(c) Internal Audit**

The ARCC reviewed the scope of internal audit work and its audit program; it reviewed the major findings during the year and management's responses thereto; and it satisfied itself as to the adequacy of the internal audit function.

**(d) Interested Person Transactions**

The ARCC reviewed interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Property Funds Guidelines respectively.

The ARCC meets at least four times a year. It has full access to the external and internal auditors and meets with the auditors, without the presence of Management, at least once a year.

The number of ARCC meetings held and corresponding attendances for the financial year ended 31 December 2010 are set out on page 53.

**Internal controls**

*Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*

The Manager has put in place a system of internal controls to safeguard CIT's assets, Unitholders' interests and to manage risk in general.

In particular, the Board has responsibility for:

- approving the annual business plan in relation to CIT, including any acquisition strategy.
- any issuance of new Units in CIT.
- asset investments and divestments, and financing and banking facilities for CIT; and
- any material modifications, alterations or additions to the Trust Deed relating to CIT.

**Dealing in CIT Units**

The Trust Deed requires each Director of the Manager to give notice to the Manager of their acquisition of Units or of changes in the number of Units which they hold or in which they have an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest. All dealings in Units by the Directors of the Manager are announced through SGXNet.

In general, the Directors and employees of the Manager are encouraged to hold the Units and not to deal on short-term considerations.

The Manager has adopted an internal policy which provides guidelines for dealing in Units, under which Directors and employees are prohibited from dealing in Units in the period commencing:

- one month before the public announcement of CIT's annual results and, where applicable, CIT's property valuations ending on the date of announcement of the relevant results;
- two weeks before the announcement of CIT's quarterly results, ending on the date of announcement of the relevant results; and
- at any time whilst in possession of unpublished price sensitive information.

Prior to the commencement of the prohibition period, Directors and employees will be reminded not to trade during this period or whenever they are in possession of unpublished price sensitive information.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two business days after the date on which it acquires or disposes of any Units.

## Risk Assessment and Management of Business Risks

Given the importance of compliance and risk management, the ARCC has been tasked to oversee this aspect of the Manager and CIT's operations. The ARCC reviews and assesses the adequacy of the Manager's internal financial, operational and compliance controls, risk management policies and systems established by the Management. The ARCC also oversees the establishment and operation of the risk management system, including reviewing the adequacy of risk management practices for material risks such as legal, compliance, regulatory and operational risks, on a regular basis. It also reviews major policies for effective risk management.

The Board meets regularly to review the financial performance of the Manager and CIT against the previously approved budget. In assessing business risks, the Board takes into account the economic environment and risks associated with the property industry.

The Board also reviews risks to the assets of CIT, examines the management of liabilities, and will act upon any comments from internal and external auditors of CIT.

To expand the portfolio, the Manager critically analyses each target property, keeping in mind the Unitholders' interests. To arrive at an investment decision, the Manager identifies the risk exposures and then determines how to mitigate, transfer, manage and/or reduce those risks, where possible, to a level which is appropriate for the corresponding expected return on that investment. In addition, extensive procedures, including due diligence carried out at various stages of the investment process, have been adopted. The Board reviews management reports and feasibility studies on proposed acquisitions, as prepared by experienced officers of the Manager, and approves where it is in the interests of Unitholders.

Conversely, as part of its disciplined ongoing management of the portfolio, the Manager has a process whereby it periodically reviews the quality of the portfolio, analyses the performance of each assets against original and updated forecasts, and as a consequence of this review determines from time to time, that a particular asset(s) are no longer considered core to the portfolio. Management will recommend to Directors to divest these assets and the approach is undertaken in the same consistent manner as acquisitions, from a risk management perspective.

Extensive procedures, including due diligence on Purchasers, carried out at various stages of the divestment process, have been adopted. The Board reviews management reports and feasibility studies in determining proposed divestments, as prepared by experienced officers of the Manager, and approves where it is in the interests of Unitholders.

The Manager is committed to conducting its business within a framework that fosters the highest ethical and legal standards. Accordingly, the Manager has adopted a whistle-blowing policy. The objective is to provide a channel for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

## Review Procedures for Related Party Transactions

The Manager has established an internal control system to ensure that all transactions involving the Trustee and any related party of the Manager or CIT are undertaken on normal commercial terms and will not be prejudicial to the interests of CIT and the Unitholders. Generally, the Manager will satisfy the ARCC that such transactions meet those criteria, which may entail obtaining quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent valuers, in accordance with the Property Funds Guidelines.

In addition, related party transactions:

- equal to or exceeding \$100,000 in value but below 3% of the value of CIT's net tangible assets are subject to review by the ARCC at regular intervals;
- equal to or exceeding 3%, but below 5% of the value of CIT's net tangible assets, are subject to the review and prior approval of the ARCC. Such approval will only be given if the transactions are on normal commercial terms and consistent with similar types of transactions that may be made by Trustee with third parties unrelated to the Manager; and
- equal to or exceeding (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) 5% of the value of CIT's net tangible assets, are reviewed and approved by the ARCC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent valuers. Further, under the Listing Manual and the Property Funds Guidelines, approval for such transactions will need to be sought from the Unitholders at a meeting of Unitholders.

# CORPORATE GOVERNANCE

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager. If the Trustee is to sign any contract with a related party of the Manager, the Trustee will also review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines and the provisions of the Listing Manual relating to interested person transactions, as well as such other guidelines issued by MAS and the SGX-ST that apply to REITs.

CIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, either by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3% or more of CIT's latest audited net tangible assets.

## Dealings with Conflicts of Interest

The following key protocols have been established to deal with conflict of interest issues:

- All senior executive officers are employed by the Manager.
- All resolutions in writing of the Directors of the Manager in relation to matters concerning CIT must be approved by a majority of the Directors, including at least one Independent Director.
- At least one-third of the Board is comprised of Independent Directors.
- In respect of the matters in which a Director or his associates have an interest, direct or indirect, such interested Director will notify his interest and, where appropriate, abstain from voting. In such matters, the Board may also seek external professional advice to assist in their deliberations.
- All Related Party Transactions must be reviewed by the ARCC and approved by a majority of the ARCC. If a member of the ARCC has an interest in a transaction, the member, where appropriate, abstain from voting.
- Directors receive training about their duties including the importance of not being influenced by directives from shareholders which may conflict with the obligations of the Manager owed to the Trust, Unitholders or third parties who may, in turn, owe obligations to CIT, or with their broader duties as Directors.
- Notwithstanding any request from its shareholders, decisions regarding service providers retained by the Manager go through a due diligence process conducted by the Manager to ensure that appropriate services are acquired in the circumstances.
- To prevent misuse of confidential information, employees may not disclose, or use for their own purposes, or cause any unauthorised disclosure of, any information of a confidential nature relating to the business of the Manager or its affiliates, its agents or customers of CIT.
- Under the Trust Deed, other than a meeting convened for the removal of the Manager, the Manager and its associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest. For so long as CITM is the Manager, the controlling shareholders (as defined in the Listing Manual) of the Manager and their respective associates are also prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholder and/or their associates have a material interest.
- If the Manager is required to decide whether or not to take any action against any person in relation to any breach of an agreement entered into by the Trustee for and on behalf of CIT with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) for legal advice on the matter. If that law firm is of the opinion that the Trustee, on behalf of CIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to take appropriate action in relation to that agreement. The Directors of the Manager then have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager will inform the Trustee as soon as it becomes aware of a breach of any agreement entered into by the Trustee for and on behalf of CIT with an affiliate of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and in the interest of Unitholders. Any decision by the Manager not to take action against an affiliate of the Manager does not constitute a waiver of the Trustee's rights to take such action as it deems fit against such affiliate.

## Internal audit

*Principle 13: The company should establish an internal audit function that is independent of the activities it audits.*

Given the Manager's size and scale of operations, the ARCC outsources the internal audit function to PricewaterhouseCoopers ("PwC"), for a 3-year period from 2009. PwC is a corporate member of the Institute of Internal Auditors.

The internal auditor's primary reporting line is to the Chairman of ARCC and administratively to the CEO. The ARCC reviews and approves the annual internal audit plan, and ensures that the internal auditor has adequate resources to perform its functions. The ARCC also reviews the results of internal audits and Management's actions in resolving any audit issues reported.

The Board is satisfied that the Manager's internal controls are adequate.

## COMMUNICATION WITH UNITHOLDERS

*Principle 14: Companies should engage in regular, effective and fair communication with shareholders.*

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager has developed a disclosure policy, which requires timely and full disclosure of all material information relating to CIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance. This is subsequently followed up by a release on CIT's website at <http://www.cambridgeindustrialtrust.com>.

One of the key roles of the CEO, together with the Investor Relations Manager, is to keep the market and investors apprised of CIT's financial performance and strategic developments. The Manager believes in regular, effective, unbiased and transparent communication and conducts regular briefings for analysts and media representatives, which generally coincide with the release of CIT's results. During these briefings, the Manager reviews CIT's most recent performance, as well as discusses the business outlook for CIT. In accordance with the Manager's objective of transparent communication, briefing materials are released to the SGX-ST and made available on CIT's website.

*Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

In compliance with the Property Funds Guidelines, an Annual General Meeting of Unitholders ("AGM") is held after the close of each financial year allowing the Manager to interact with investors. Notice of the AGM is published on SGXNET, in newspapers and on CIT's website. If any Unitholder is unable to attend the AGM, the Unitholder is entitled to appoint up to two proxies to attend and vote on the Unitholders's behalf.

At the AGM, each distinct matter is proposed as a separate resolution. Unitholders are invited to vote on each of the resolutions by poll, using an electronic voting system. This allows all Unitholders present or represented at the meeting to vote on a one unit, one vote basis. The voting results are screened and announced at the meeting. An announcement is also made to the SGX-ST after the meeting pursuant to Rule 704(14) of the SGX-ST Listing Manual.

Board members, management and the external auditors are present at the AGM. Unitholders are given opportunity to put forth any questions and clarify any issues they may have with the Board members, management or external auditors regarding the affairs of the Manager and CIT.

CIT's website also provides visitors with the option to sign up for a free email alert service to be alerted to Manager information when newly posted on the site or to provide any feedback via the electronic feedback form on the website.

# CORPORATE DIRECTORY

## THE MANAGER

### Cambridge Industrial Trust Management Limited

Company Registration Number: 200512804G

Capital Markets Services Licence Number: 100132-2

Registered Office:

61 Robinson Road

#12-01 Robinson Centre

Singapore 068893

Telephone: (65) 6222 3339

Fax: (65) 6827 9339

Website: [www.cambridgeindustrialtrust.com](http://www.cambridgeindustrialtrust.com)

## BOARD OF DIRECTORS

**Dr Chua Yong Hai** Independent Chairman

**Professor Ong Seow Eng** Independent Director

**Mr Tan Guong Ching** Independent Director

**Mr Ian Keith Crow** Non-executive Director

**Mr Michael Patrick Dwyer** Non-executive Director

**Mr Victor Ong Wei Tak<sup>1</sup>**

*(Alternate Director to*

*Mr Michael Dwyer)*

Non-executive Director

**Mr Ian Andrew Smith** Non-executive Director

**Mr John Charles Wood** Non-executive Director

**Mr Masaki Kurita** Non-executive Director

**Mr Christopher Dale Calvert<sup>2</sup>** Chief Executive Officer and Executive Director

## AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE (ARCC)

**Professor Ong Seow Eng** Chairman

**Mr John Charles Wood<sup>3</sup>** Member

**Mr Tan Guong Ching** Member

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

### B.A.C.S. Private Limited

63 Cantonment Road

Singapore 089758

Telephone: (65) 6593 4848

Fax: (65) 6593 4847

## THE PROPERTY MANAGER

### Cambridge Industrial Property Management Pte. Ltd.

Company Registration Number: 200515344N

Registered Office:

61 Robinson Road

#12-01 Robinson Centre

Singapore 068893

Telephone: (65) 6222 3339

Fax: (65) 6827 9348

Website: [www.cambridgeindustrialtrust.com](http://www.cambridgeindustrialtrust.com)

## BOARD OF DIRECTORS

**Mr Victor Ong Wei Tak** Non-executive Director

**Mr Ian Andrew Smith** Non-executive Director

**Mr John Charles Wood** Non-executive Director

## TRUSTEE

### RBC Dexia Trust Services Singapore Limited

20 Cecil Street

#28-01 Equity Plaza

Singapore 049705

Telephone: (65) 6823 5000

Fax: (65) 6538 2090

Website: [www.rbcdexia-is.com](http://www.rbcdexia-is.com)

## AUDITORS

### KPMG LLP

16 Raffles Quay

#22-00 Hong Leong Buiding

Singapore 048581

Telephone: (65) 6213 3388

Fax: (65) 6220 9387

Website: [www.kpmg.com.sg](http://www.kpmg.com.sg)

Partner-in-charge: Mr Koh Wei Peng

*(since financial year ended 31 December 2008)*

## COMPANY SECRETARIES

Ms Yvonne Goh, FCIS

Ms Shirley Lim, FCIS

## KCS Corporate Services Pte Ltd

36 Robinson Road

#17-01 City House

Singapore 068877

Telephone: (65) 6311 3233

Fax: (65) 6311 3256

Website: [www.kcs.com](http://www.kcs.com)

## SGX CODE

Cambridge

## STOCK SYMBOL

J91U

### NOTE:

<sup>1</sup> Appointed as at 19 October 2010

<sup>2</sup> Appointed as at 4 August 2010

<sup>3</sup> Mr John Charles Wood was appointed as a member of the ARCC in place of Mr Michael Patrick Dwyer effective 28 January 2011.

# FINANCIAL REPORT

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31 December 2010

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# REPORT OF THE TRUSTEE

RBC Dexia Trust Services Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cambridge Industrial Trust ("CIT") in trust for the holders ("Unitholders") of units in CIT (the "Units"). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Cambridge Industrial Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 31 March 2006 (as amended) between the Trustee and the Manager (the "Trust Deed") in each annual accounting year and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed CIT during the year covered by these financial statements, set out on pages 65 to 118 comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Portfolio Statement, Cash Flow Statement and a summary of significant accounting policies and other explanatory notes, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

**For and on behalf of the Trustee,  
RBC Dexia Trust Services Singapore Limited**



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**Diana Senanayake**  
*Managing Director*

**Singapore**  
28 February 2011

# STATEMENT BY THE MANAGER

In the opinion of the directors of Cambridge Industrial Trust Management Limited, the accompanying financial statements set out on pages 65 to 118 comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Portfolio Statement, Cash Flow Statement and a summary of significant accounting policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and the portfolio of Cambridge Industrial Trust ("CIT") as at 31 December 2010, the total return, distributable income, changes in Unitholders' funds and cash flows of CIT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that CIT will be able to meet its financial obligations as and when they materialise.

**For and on behalf of the Manager,  
Cambridge Industrial Trust Management Limited**



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**Dr Chua Yong Hai**  
*Chairman*

**Singapore**  
28 February 2011

# AUDITORS' REPORT

to the Unitholders of Cambridge Industrial Trust ("CIT")  
(Constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006  
(as amended))

We have audited the accompanying financial statements of Cambridge Industrial Trust ("CIT"), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2010, and the Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 118.

## Manager's responsibility for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CIT as at 31 December 2010 and the total return, distributable income, movements in Unitholders' funds and cash flows of CIT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.



**KPMG LLP**

*Public Accountants and  
Certified Public Accountants*

**Singapore**

28 February 2011

# BALANCE SHEET

As at 31 December 2010

	Note	2010 S\$'000	2009 S\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	4	906,450	795,600
<b>Current assets</b>			
Trade and other receivables	5	1,084	1,910
Cash and cash equivalents	6	71,069	39,309
Investment properties held for divestment	4	22,000	78,600
		94,153	119,819
<b>Total assets</b>		1,000,603	915,419
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	18,869	16,918
Current tax payable		21	86
		18,890	17,004
<b>Non-current liabilities</b>			
Trade and other payables	7	367	6,904
Interest-bearing borrowings	8	339,191	375,159
		339,558	382,063
<b>Total liabilities</b>		358,448	399,067
<b>Net assets</b>		<b>642,155</b>	<b>516,352</b>
Represented by:			
<b>Unitholders' funds</b>		<b>642,155</b>	<b>516,352</b>
Units in issue ('000)	9	1,057,065	867,546
Net asset value per unit (S\$)		0.61	0.60

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF TOTAL RETURN

Year ended 31 December 2010

	Note	2010 S\$'000	2009 S\$'000
<b>Gross revenue</b>	10	<b>74,210</b>	<b>74,421</b>
Property expenses	11	(9,115)	(9,282)
<b>Net property income</b>		<b>65,095</b>	<b>65,139</b>
Manager's management fees	12	(4,668)	(4,686)
Trust expenses	13	(1,537)	(2,139)
Distribution income from quoted investments		126	504
Interest income		93	43
Borrowing costs	14	(25,500)	(22,195)
<b>Net income</b>		<b>33,609</b>	<b>36,666</b>
Gain on disposal of investment properties		3,974	339
Loss on disposal of quoted investments		–	(2,411)
Change in fair value of financial derivative		–	(8,089)
Change in fair value of investment properties		48,263	(87,644)
<b>Total return before income tax</b>		<b>85,846</b>	<b>(61,139)</b>
Income tax expense	15	(21)	(86)
<b>Total return for the year</b>		<b>85,825</b>	<b>(61,225)</b>
 <b>Earnings per unit (cents)</b>			
Basic and diluted	16	9.36	(7.43)
 <b>Distribution per unit (cents)</b>			
	16	4.89	5.36

*The accompanying notes form an integral part of these financial statements.*

# DISTRIBUTION STATEMENT

Year ended 31 December 2010

	2010 S\$'000	2009 S\$'000
Total return after income tax, before distribution for the year	85,825	(61,225)
Less: Distribution adjustments (Note A)	(41,098)	105,387
<b>Net income available for distribution to Unitholders</b>	<b>44,727</b>	<b>44,162</b>
Less: Distributions (Note B)	(38,744)	(32,200)
<b>Net income available for distribution to Unitholders as at 31 December</b>	<b>5,983</b>	<b>11,962</b>

## Note A – Distribution Adjustments

	2010 S\$'000	2009 S\$'000
Non-tax deductible items and other adjustments:		
Trustee's fees	165	165
Transaction costs relating to debt facilities	9,442	6,926
Break cost on loan prepayment	1,382	–
Loss on disposal of quoted investments	–	2,411
Change in fair value of investment properties	(48,263)	87,644
Change in fair value of financial derivative	–	8,089
Legal and professional fees	68	1,082
Impairment loss on trade receivables	–	(588)
Miscellaneous expenses	82	(3)
	(37,124)	105,726
Income not subject to tax:		
Gain on disposal of investment properties	(3,974)	(339)
Net effect of distribution adjustments	(41,098)	105,387

# DISTRIBUTION STATEMENT

Year ended 31 December 2010

## Note B – Distributions

	2010 S\$'000	2009 S\$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.627 cents per unit for the period from 1/10/2010 to 17/11/2010 <sup>(1)</sup>	6,032	–
Distribution of 0.507 cents per unit for the period from 23/8/2010 to 30/9/2010	4,878	–
Distribution of 0.680 cents per unit for the period from 1/7/2010 to 22/8/2010	5,938	–
Distribution of 1.238 cents per unit for the period from 1/4/2010 to 30/6/2010	10,811	–
Distribution of 1.274 cents per unit for the period from 1/1/2010 to 31/3/2010	11,085	–
Distribution of 1.344 cents per unit for the period from 1/7/2009 to 30/9/2009	–	11,207
Distribution of 1.345 cents per unit for the period from 1/4/2009 to 30/6/2009	–	10,711
Distribution of 1.291 cents per unit for the period from 1/1/2009 to 31/3/2009	–	10,282
	38,744	32,200
Distribution of 1.377 cents per unit for the period from 1/10/2009 to 31/12/2009 <sup>(2)</sup>	11,946	–
Distribution of 1.373 cents per unit for the period from 1/10/2008 to 31/12/2008 <sup>(3)</sup>	–	10,935
	50,690	43,135

### Notes:

- <sup>(1)</sup> Distribution declared in advance paid in 4Q2010.  
<sup>(2)</sup> Distribution declared for 4Q2009 and paid in 1Q2010.  
<sup>(3)</sup> Distribution declared for 4Q2008 and paid in 1Q2009.

# STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2010

	Note	2010 S\$'000	2009 S\$'000
<b>Unitholders' funds at beginning of year</b>		<b>516,352</b>	<b>592,934</b>
<b>Operations</b>			
Total return for the year after tax		<b>85,825</b>	<b>(61,225)</b>
<b>Unitholders' transactions</b>			
Issue of new units:			
- Private placement		70,001	28,000
- Preferential offering		20,435	-
- Distribution Reinvestment Plan		5,201	-
Equity issue costs	17	(4,969)	(222)
Distributions to Unitholders		(50,690)	(43,135)
Net increase/(decrease) in Unitholders' funds resulting from Unitholders' transactions		<b>39,978</b>	<b>(15,357)</b>
<b>Unitholders' funds at end of year</b>		<b>642,155</b>	<b>516,352</b>

*The accompanying notes form an integral part of these financial statements.*

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

		Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Logistics and Warehousing Properties <sup>(1)</sup></b>					
@	CWT DISTRI PARK	Leasehold	30+12	26 <sup>(7)</sup>	24 Jurong Port Road Singapore 619097
@	JURONG DISTRICT CENTRE	Leasehold	30+30	40 <sup>(8)</sup>	3 Pioneer Sector 3 Singapore 628342
@	ODC DISTRICT CENTRE	Leasehold	30+30	45 <sup>(9)</sup>	30 Toh Guan Road Singapore 608840
@	31 TUAS AVENUE 11	Leasehold	30+30	43 <sup>(10)</sup>	31 Tuas Avenue 11 Singapore 639105
@	25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	44 <sup>(11)</sup>	25 Changi South Ave 2 Singapore 486594
@	YCH DISTRI PARK	Leasehold	30+30	28 <sup>(12)</sup>	30 Tuas Road Singapore 638492
@	1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	21 <sup>(13)</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
@	1 TUAS AVENUE 3	Leasehold	30+23	22 <sup>(14)</sup>	1 Tuas Avenue 3 Singapore 639402

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	%	%	S\$'000	S\$'000	%	%
Logistics and Warehousing	100	100	97,500	96,300	15.18	18.65
Logistics and Warehousing	100	100	50,000	49,100	7.79	9.51
Logistics and Warehousing	74	100	42,000	36,900	6.54	7.15
Logistics and Warehousing	100	100	9,800	8,900	1.53	1.72
Logistics and Warehousing	100	100	10,000	7,800	1.56	1.51
Logistics and Warehousing	100	100	72,400	71,800	11.27	13.91
Logistics and Warehousing	100	100	11,500	11,100	1.79	2.15
Logistics and Warehousing	100	100	29,200	28,500	4.55	5.52
			<b>322,400</b>	<b>310,400</b>	<b>50.21</b>	<b>60.12</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

		Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Light Industrial Properties <sup>(2)</sup></b>					
@	21 UBI ROAD 1	Leasehold	30+30	46 <sup>(15)</sup>	21/23 Ubi Road 1 Singapore 408724/ 408725
@	136 JOO SENG ROAD	Leasehold	30+30	40 <sup>(16)</sup>	136 Joo Seng Road Singapore 368360
@	CSE GLOBAL BUILDING	Leasehold	60	48 <sup>(17)</sup>	2 Ubi View Singapore 408556
@	MI BUILDING	Leasehold	30+30	46 <sup>(18)</sup>	11 Serangoon North Avenue 5 Singapore 554809
@	130 JOO SENG ROAD	Leasehold	30+30	41 <sup>(19)</sup>	130 Joo Seng Road Singapore 368357
@	PANASONIC BUILDING	Leasehold	99	51 <sup>(20)</sup>	2 Jalan Kilang Barat Singapore 159346
@	MEC TECHNOCENTRE	Leasehold	30+30	40 <sup>(21)</sup>	87 Defu Lane 10 Singapore 539219
@	ARMORCOAT INTERNATIONAL BUILDING	Leasehold	30+30	46 <sup>(22)</sup>	361 Ubi Road 3 Singapore 408664
@	LAM SOON INDUSTRIAL BUILDING	Freehold	Freehold	— <sup>(23)</sup>	63 Hillview Avenue Singapore 669569
@	MINTWELL BUILDING	Leasehold	30+30	46 <sup>(24)</sup>	55 Ubi Avenue 3 Singapore 408864
@	DP COMPUTERS BUILDING	Leasehold	30+30	41 <sup>(25)</sup>	128 Joo Seng Road Singapore 368356
<b>Balance carried forward</b>					

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2010 %	31/12/2009 %	31/12/2010 S\$'000	31/12/2009 S\$'000	31/12/2010 %	31/12/2009 %
Light Industrial	100	100	32,000	25,700	4.98	4.98
Light Industrial	100	100	12,500	10,400	1.95	2.01
Light Industrial	100	100	8,100	8,100	1.26	1.57
Light Industrial	100	100	16,800	14,600	2.62	2.83
Light Industrial	100	92	12,300	10,000	1.92	1.94
Light Industrial	100	100	23,500	21,100	3.66	4.09
Light Industrial	100	100	14,300	13,100	2.23	2.54
Light Industrial	100	100	17,700	16,400	2.76	3.18
Light Industrial	100	100	80,500	76,700	12.54	14.85
Light Industrial	100	100	18,300	18,300	2.85	3.54
Light industrial	100	100	11,400	10,400	1.78	2.01
			<b>247,400</b>	<b>224,800</b>	<b>38.55</b>	<b>43.54</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

		Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Light Industrial Properties <sup>(2)</sup></b>					
<b>Balance brought forward</b>					
@	NATURAL COOL BUILDING	Leasehold	30+30	39 <sup>(26)</sup>	81 Defu Lane 10 Singapore 539217
@	9 BUKIT BATOK STREET 22	Leasehold	30+30	42 <sup>(27)</sup>	9 Bukit Batok Street 22 Singapore 659585
*, @	ENTERPRISE HUB	Leasehold	60	46 <sup>(28)</sup>	48 Toh Guan Road East Singapore 608586
#	1/2 CHANGI NORTH STREET 2	Leasehold	30+30	50/55 <sup>(29)</sup>	1/2 Changi North Street 2 Singapore 498808/498775
<b>Industrial and Warehousing Properties <sup>(3)</sup></b>					
@	86/88 INTERNATIONAL ROAD	Leasehold	30+30	44 <sup>(30)</sup>	86/88 International Road Singapore 629176/629177
@	23 TUAS AVENUE 10	Leasehold	30+29	46 <sup>(31)</sup>	23 Tuas Avenue 10 Singapore 639149
@	9 TUAS VIEW CRESCENT	Leasehold	30+30	48 <sup>(32)</sup>	9 Tuas View Crescent Singapore 637612
+	27 PANDAN CRESCENT	Leasehold	30+30	–	27 Pandan Crescent Singapore 128476
@	28 SENOKO DRIVE	Leasehold	30+30	28 <sup>(33)</sup>	28 Senoko Drive Singapore 758214
@	31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	44 <sup>(34)</sup>	31 Changi South Avenue 2 Singapore 486478
<b>Balance carried forward</b>					

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	%	%	S\$'000	S\$'000	%	%
			<b>247,400</b>	<b>224,800</b>	<b>38.55</b>	<b>43.54</b>
Light Industrial	100	100	5,200	5,200	0.81	1.01
Light Industrial	100	100	20,000	19,600	3.11	3.79
Light Industrial	100	100	22,000	70,800	3.43	13.71
Light Industrial	100	–	22,150	–	3.45	–
			<b>316,750</b>	<b>320,400</b>	<b>49.35</b>	<b>62.05</b>
Industrial and Warehousing	100	100	15,500	14,200	2.41	2.75
Industrial and Warehousing	100	100	10,000	9,000	1.56	1.74
Industrial and Warehousing	100	100	6,800	6,000	1.06	1.16
Industrial and Warehousing	–	100	–	7,800	–	1.51
Industrial and Warehousing	100	100	12,500	10,400	1.95	2.01
Industrial and Warehousing	100	100	6,500	6,100	1.01	1.18
			<b>51,300</b>	<b>53,500</b>	<b>7.99</b>	<b>10.35</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

		Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Industrial and Warehousing Properties <sup>(3)</sup></b>					
<b>Balance brought forward</b>					
@	120 PIONEER ROAD	Leasehold	30+28	44 <sup>(35)</sup>	120 Pioneer Road Singapore 639597
@	23 WOODLANDS TERRACE	Leasehold	30+30	46 <sup>(36)</sup>	23 Woodlands Terrace Singapore 738472
@	21B SENOKO LOOP	Leasehold	30+30	42 <sup>(37)</sup>	21B Senoko Loop Singapore 758171
@	6 TUAS BAY WALK	Leasehold	30+30	46 <sup>(38)</sup>	6 Tuas Bay Walk Singapore 637752
@	79 TUAS SOUTH STREET 5	Leasehold	30+30	49 <sup>(39)</sup>	79 Tuas South Street 5 Singapore 637604
#	22 CHIN BEE DRIVE	Leasehold	30	25 <sup>(40)</sup>	22 Chin Bee Drive Singapore 619870
<b>Industrial Properties <sup>(4)</sup></b>					
@	7 GUL LANE	Leasehold	30+30	30 <sup>(41)</sup>	7 Gul Lane Singapore 629406
@	31 KIAN TECK WAY	Leasehold	30+19	32 <sup>(42)</sup>	31 Kian Teck Way Singapore 628751
@	TECHPLAS INDUSTRIAL BUILDING	Leasehold	30+30	45 <sup>(43)</sup>	45 Changi South Avenue 2 Singapore 486133
@	2 TUAS SOUTH AVENUE 2	Leasehold	60	48 <sup>(44)</sup>	2 Tuas South Ave 2 Singapore 637601
<b>Balance carried forward</b>					

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2010 %	31/12/2009 %	31/12/2010 S\$'000	31/12/2009 S\$'000	31/12/2010 %	31/12/2009 %
			<b>51,300</b>	<b>53,500</b>	<b>7.99</b>	<b>10.35</b>
Industrial and Warehousing	100	100	30,000	26,400	4.67	5.11
Industrial and Warehousing	100	100	15,500	15,000	2.41	2.91
Industrial and Warehousing	100	100	14,500	14,500	2.26	2.81
Industrial and Warehousing	94	84	6,500	6,100	1.01	1.18
Industrial and Warehousing	100	100	9,600	9,500	1.49	1.84
Industrial and Warehousing	100	–	15,000	–	2.34	–
			<b>142,400</b>	<b>125,000</b>	<b>22.17</b>	<b>24.20</b>
Industrial	100	100	3,850	3,400	0.60	0.66
Industrial	100	100	3,600	3,300	0.56	0.64
Industrial	100	100	9,550	9,100	1.49	1.76
Industrial	100	100	27,500	23,200	4.28	4.49
			<b>44,500</b>	<b>39,000</b>	<b>6.93</b>	<b>7.55</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

		Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Industrial Properties <sup>(4)</sup></b>					
<b>Balance brought forward</b>					
@	28 WOODLANDS LOOP	Leasehold	30+30	45 <sup>(45)</sup>	28 Woodlands Loop Singapore 738308
+	STANDARD FORM BUILDING	Leasehold	30+30	–	37 Tampines Street 92 Singapore 528885
#,△	511 YISHUN INDUSTRIAL PARK A	Leasehold	30+29	43 <sup>(46)</sup>	511 Yishun Industrial Park A Singapore 768768
#,△	513 YISHUN INDUSTRIAL PARK A	Leasehold	30+30	43 <sup>(46)</sup>	513 Yishun Industrial Park A Singapore 768736
<b>Self Storage and Warehousing Property <sup>(5)</sup></b>					
@	160 KALLANG WAY	Leasehold	60	22 <sup>(47)</sup>	160 Kallang Way Singapore 349246
<b>Car Showroom and Workshop Property <sup>(6)</sup></b>					
@	23 LORONG 8 TOA PAYOH	Leasehold	30+30	41 <sup>(48)</sup>	23 Lorong 8 Toa Payoh Singapore 319257
@	7 UBI CLOSE	Leasehold	30	13 <sup>(49)</sup>	7 Ubi Close Singapore 408604

Investment properties, at valuation  
Other assets and liabilities (net)  
Unitholders' funds

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	%	%	S\$'000	S\$'000	%	%
			<b>44,500</b>	<b>39,000</b>	<b>6.93</b>	<b>7.55</b>
Industrial	100	100	14,000	13,500	2.18	2.62
Industrial	–	100	–	11,500	–	2.23
Industrial	100	–	25,800	–	4.02	–
Industrial	100	–	6,800	–	1.06	–
			<b>91,100</b>	<b>64,000</b>	<b>14.19</b>	<b>12.40</b>
Self Storage and Warehousing	100	100	<b>24,000</b>	<b>23,000</b>	<b>3.74</b>	<b>4.45</b>
Car Showroom and Workshop	100	100	13,000	12,400	2.02	2.40
Car Showroom and Workshop	100	100	18,800	19,000	2.93	3.68
			<b>31,800</b>	<b>31,400</b>	<b>4.95</b>	<b>6.08</b>
			<b>928,450</b>	<b>874,200</b>	<b>144.61</b>	<b>169.30</b>
			<b>(286,295)</b>	<b>(357,848)</b>	<b>(44.61)</b>	<b>(69.30)</b>
			<b>642,155</b>	<b>516,352</b>	<b>100.00</b>	<b>100.00</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

	At Independent Valuation	
	2010	2009
	S\$'000	S\$'000
As disclosed in the Balance Sheet:		
Investment properties – non current	906,450	795,600
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	22,000	78,600
<b>Total investment properties</b>	<b>928,450</b>	<b>874,200</b>

## Notes

- (1) These Properties are used by tenants for warehousing, distribution and logistics services including third party logistics and supply chain management.
- (2) These Properties are primarily used by tenants for light industrial activities including assembly and storage of electronics and computer peripherals, medical equipment as well as information technology and system integration.
- (3) These Properties are used by tenants for production and/or storage of cables, aluminium products, printed circuit boards and metals.
- (4) These Properties are primarily used by tenants for industrial activities including printing, precision engineering works, metal stamping, plastics injection and extrusion, and metal fabrication works.
- (5) This Property is used by the tenant to operate a self storage business.
- (6) These Properties are used by the tenant as car showroom and service workshops.
- (7) CIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (8) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (9) CIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (10) CIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (11) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (12) CIT holds the remainder of a 30+30 year lease commencing from 1 July 1979.
- (13) CIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (14) CIT holds the remainder of a 30+23 year lease commencing from 1 October 1979.
- (15) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (16) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (17) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (18) CIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (19) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (20) CIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (21) CIT holds the remainder of a 30+30 year lease commencing from 1 November 1990.
- (22) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (23) CIT acquired freehold title to 97 out of 154 strata units, representing 69.4% of the total share value of the strata units comprised in the property.
- (24) CIT holds the remainder of a 30+30 year lease commencing from 1 July 1996.
- (25) CIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (26) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1990.
- (27) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (28) Following strata sub-division of the property, which was completed in July 2007, CIT acquired the remainder of a 60-year lease commencing from 1 December 1997 in respect of 120 of 602 strata units, representing approximately 19.3% of the total share value of the strata units comprised in the property.
- (29) CIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North and 30+30 year lease commencing from 23 November 2005 for 2 Changi North.
- (30) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- (31) CIT holds the remainder of a 30+29 year lease commencing from 1 November 1997.
- (32) CIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (33) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
- (34) CIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- (35) CIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.

*The accompanying notes form an integral part of these financial statements.*

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

(CONT'D) As at 31 December 2010

- (36) CIT holds the remainder of a 30+30 year lease commencing from 16 November 1996.
- (37) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (38) CIT holds the remainder of a 30+30 year lease commencing from 16 May 1997.
- (39) CIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (40) CIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- (41) CIT holds the remainder of a 30+30 year lease commencing from 16 May 1981.
- (42) CIT holds the remainder of a 30+19 year lease commencing from 1 September 1993.
- (43) CIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- (43) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (45) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (46) CIT holds the remainder of a 30+29 year lease commencing from 1 December 1993 for 511 Yishun and 30+30 lease commencing from 1 June 1995 for 513 Yishun.
- (47) CIT holds the remainder of a 60 year lease commencing from 16 February 1973.
- (48) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1992.
- (49) CIT holds the remainder of a 30 year lease commencing from 1 August 1994.
- @ Properties pledged as security to secure the syndicated term loan facility of S\$323.1 million (S\$390.1 million net of loan repayments of S\$67.0 million during the financial year) (see Note 8).
- # Properties pledged as security to secure the acquisition term loan facility of \$50.0 million and a revolving credit facility of S\$20.0 million (see Note 8).
- △ Properties were valued by the independent valuers in October 2010, which approximates to their carrying costs as at 31 December 2010.
- + These properties were disposed of during the financial year.

Investment properties comprise a diverse portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multiple-tenancy and contain an initial non-cancellable period ranging from five to fifteen years or five months to five years, respectively. No contingent rents were recognised in the Statement of Total Return.

Investment properties are stated at fair values based on valuations performed by independent professional valuers as at 31 December 2010, except for investment properties acquired in November 2010, namely 511 & 513 Yishun Industrial Park A, which was valued by independent valuers in October 2010. The fair values of these properties approximate their carrying amounts at the balance sheet date.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

As at the balance sheet date, investment properties with a carrying value of S\$858.7 million (2009: S\$874.2 million) and S\$69.8 million (2009: Nil) have been mortgaged as security for term loan facilities granted by Alhambra Pte. Ltd. and National Australia Bank Limited, respectively to the Trust (refer to Note 8).

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flows method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected internal rate of return.

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 December 2010

During the financial year, three new properties at 22 Chin Bee Drive, 1 & 2 Changi North Street 2 and 511 & 513 Yishun Industrial Park A, were acquired at a total carrying cost of S\$70.8 million and capital expenditure incurred was S\$3.3 million. Certain properties, comprising properties at 27 Pandan Crescent and 37 Tampines Street 92 and 78 strata units in the property at 48 Toh Guan Road East at a total carrying cost of S\$68.1 million, were disposed of during the financial year.

The latest valuation of the 43 properties which included the remaining 36 strata units at 48 Toh Guan Road East as at 31 December 2010 amounted to S\$928.5 million, giving rise to an increase in value of S\$48.3 million during the financial year. The net change in fair value of the investment properties has been recognised in the Statement of Total Return.

# CASH FLOW STATEMENT

Year ended 31 December 2010

	2010 S\$'000	2009 S\$'000
<b>Cash flows from operating activities</b>		
Total return before income tax for the year	85,846	(61,139)
<b>Adjustments for:</b>		
Interest income	(93)	(43)
Distribution income	(126)	(504)
Borrowing costs	25,500	22,195
Gain on disposal of investment properties	(3,974)	(339)
Loss on disposal of quoted investments	–	2,411
Change in fair value of financial derivative	–	8,089
Change in fair value of investment properties	(48,263)	87,644
<b>Operating income before working capital changes</b>	<b>58,890</b>	<b>58,314</b>
Changes in working capital:		
Trade and other receivables	320	(225)
Trade and other payables	937	3,258
<b>Net cash from operating activities</b>	<b>60,147</b>	<b>61,347</b>
<b>Cash flows from investing activities</b>		
Net cash outflow on purchase of investment properties (including acquisition related costs) (Note A)	(73,379)	(1,008)
Proceeds from disposal of investment properties	72,753	6,589
Purchase of quoted investments	–	(10,248)
Proceeds from disposal of quoted investments	–	7,837
Interest received	95	40
Distribution received	631	–
<b>Net cash from investing activities</b>	<b>100</b>	<b>3,210</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new units	90,436	28,000
Equity issue costs paid	(4,449)	(222)
Proceeds from borrowings	24,399	390,100
Borrowing costs paid	(26,298)	(39,695)
Repayment of borrowings	(67,000)	(369,300)
Distributions paid to Unitholders (Note B)	(45,489)	(43,135)
Income tax paid	(86)	–
<b>Net cash used in financing activities</b>	<b>(28,487)</b>	<b>(34,252)</b>
<b>Net increase in cash and cash equivalents</b>	<b>31,760</b>	<b>30,305</b>
<b>Cash and cash equivalents at 1 January</b>	<b>39,309</b>	<b>9,004</b>
<b>Cash and cash equivalents at 31 December (Note 6)</b>	<b>71,069</b>	<b>39,309</b>

The accompanying notes form an integral part of these financial statements.

# CASH FLOW STATEMENT

(CONT'D) Year ended 31 December 2010

## Notes:

### **(A) Net Cash Outflow on Purchase of Investment Properties (including acquisition related costs)**

Net cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	2010 S\$'000	2009 S\$'000
Investment properties	69,710	–
Acquisition related costs	1,107	14
Capital expenditure incurred	3,323	286
Investment properties acquired (including acquisition related costs and capital expenditure incurred)	74,140	300
Retention sums	(761)	708
Net cash outflow	73,379	1,008

### **(B) Significant Non-cash Transactions**

During the year, CIT issued an aggregate of 10,854,928 units as part payment of distributions, pursuant to its Distribution Reinvestment Plan.

# NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 28 February 2011.

## 1 General

Cambridge Industrial Trust ("CIT" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between Cambridge Industrial Trust Management Limited (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, CIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, CIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, CIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The principal activity of CIT is to invest in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

CIT has entered into several service agreements in relation to the management of CIT and its property operations. The fee structures of these services are as follows:

### (A) Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of all the gross assets of CIT ("Deposited Property"), excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property.

### (B) Manager's management fees

Under the Trust Deed, the Manager is entitled to receive the base fee and performance fee as follows:

- (i) A base fee ("Base Fee") of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution of Meeting of Unitholders.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General (Cont'd)

### (B) Manager's management fees (Cont'd)

- (ii) A performance fee ("Performance Fee"), where the total return (comprising capital gains and accumulated distributions and assuming all distributions are reinvested in CIT) of the Units (expressed as the Trust Index) in any six-month period ending 30 June or 31 December ("Half-Year") exceeds the total return of a benchmark index (the "Benchmark Index"). The Performance Fee is calculated in two tiers as follows:
- Tier 1 Performance Fee equal to 5.0% of the amount by which the total return of the Trust Index exceeds the total return of the Benchmark Index, multiplied by the equity market capitalisation of CIT; and
  - a Tier 2 Performance Fee which is applicable only where the total return of the Trust Index is in excess of 2.0% per annum (1.0% for each Half Year) above the total return of the Benchmark Index. This tier of the fee is calculated at 15.0% of the amount by which the total return of the Trust Index is in excess of 2.0% per annum above the total return of the Benchmark Index, multiplied by the equity market capitalisation of CIT.

For the purposes of the Tier 1 Performance Fee and the Tier 2 Performance Fee, the amount by which the total return of the Trust Index exceeds the total return of the Benchmark Index shall be referred to as "outperformance".

The outperformance of the Trust Index is assessed on a cumulative basis and any prior underperformance of CIT will need to be recovered before the Manager is entitled to any Performance Fee.

The Performance Fee, whether payable in any combination of cash and Units or solely in cash or Units will be payable six monthly in arrears. If a trigger event occurs in any Half-Year, resulting in the Manager being removed, the Manager is entitled to payment of any Performance Fee (whether in cash or in the form of Units) to which it might otherwise have been entitled for that Half-Year in cash, which shall be calculated, as if the end of the Half-Year was the date of occurrence of the trigger event, in accordance with the Trust Deed. If a trigger event occurs at a time when any accrued Performance Fee has not been paid, resulting in the Manager being removed, the Manager is entitled to payment of such accrued Performance Fee in cash.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of Deposited Property as at the end of the financial year (referred to as the "annual fee cap").

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General (Cont'd)

### (B) Manager's management fees (Cont'd)

If the amount of such fees for a financial year exceeds the annual fee cap, the Base Fee of the financial year shall be paid to the Manager and only that portion of the Performance Fee equal to the balance of an amount up to the annual fee cap will be paid to the Manager. The remaining portion of the Performance Fee, which will not be paid, shall be accrued and carried forward for payment to the Manager in future Half-Years. If, at the end of a Half-Year, there is any accrued Performance Fee which has been accrued for a period of at least three years prior to the end of that Half-Year, such accrued Performance Fee shall be paid to the Manager if the accumulated return of the Trust Index in that three-year period exceeds the accumulated return of the Benchmark Index over the same period. The payment of such accrued Performance Fee shall not be subject to the annual fee cap.

In the current and previous financial year, the Manager elected to receive the entire base fee in cash.

### (C) Manager's acquisition and disposal fees

The Manager is also entitled to receive the following fees:

- (i) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
  - (a) the purchase price, excluding GST, of any real estate acquired, whether directly by CIT or indirectly through a special purpose vehicle;
  - (b) the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate) where CIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - CIT shall hold or invest in at least 50.0% of the equity of such entity; or
    - if CIT holds or invests in 30.0% or more but less than 50.0% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity;
  - (c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the provision in paragraph (b) is complied with; and
  - (d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General (Cont'd)

### (C) Manager's acquisition and disposal fees (Cont'd)

- (ii) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
  - (a) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(i)(a) above for the acquisition fee;
  - (b) in relation to an investment of the type referred to in paragraph (C)(i)(b) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate);
  - (c) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(i)(c) above for the acquisition fee; and
  - (d) the value of an investment referred to in paragraph (C)(i)(d) above for the acquisition fee.

The Manager can opt to receive acquisition and disposal fees in the form of cash or Units or a combination as it may determine.

### (D) Property Manager's fees

Cambridge Industrial Property Management Pte. Ltd. (the "Property Manager") as property manager of CIT is entitled to receive the following fees:

- (i) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (ii) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (iii) A marketing services commission equivalent to:
  - (a) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (b) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (c) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (d) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General (Cont'd)

### (D) Property Manager's fees (Cont'd)

- (iv) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Guidelines or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, as follows:
- (a) where the construction costs are S\$2.0 million or less, a fee of 3.0% of the construction costs;
  - (b) where the construction costs exceed S\$2.0 million but do not exceed S\$20.0 million, a fee of 2.0% of the construction costs;
  - (c) where the construction costs exceed S\$20.0 million but do not exceed S\$50.0 million, a fee of 1.5% of the construction costs; and
  - (d) where the construction costs exceed S\$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (v) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
- (a) where the proposed annual value is S\$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (b) where the proposed annual value is more than S\$1.0 million but does not exceed S\$5.0 million, a fee of 5.5% of the property tax savings; and
  - (c) where the proposed annual value is more than S\$5.0 million, a fee of 5.0% of the property tax savings.

The above-mentioned fee is a lump sum fixed fee based on the property tax savings calculated over a 12-month period.

## 2 Basis of preparation

### 2.1 Statement of compliance

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the MAS and the provisions of the Trust Deed.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 Basis of preparation (Cont'd)

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties and certain financial liabilities, which are stated at fair value.

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 – valuation of investment properties
- Note 21 – valuation of financial instruments

## 3 Significant accounting policies

There has been no significant change in the accounting policies from the previous financial year.

### 3.1 Investment properties

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 3.2 below). These properties are stated at initial cost on acquisition, and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs shall be included in the initial measurements. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.1 Investment properties (Cont'd)

Any increase or decrease on revaluation is credited or charged directly to the Statement of Total Return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to CIT. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

### 3.2 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on revaluation is credited or charged directly to the Statement of Total Return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

### 3.3 Financial instruments

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the Statement of Total Return, any directly attributable transaction costs. Subsequent to initial recognition, except for available-for-sale financial assets (see below), non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. The purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Trust commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.3 Financial instruments (Cont'd)

#### *Non-derivative financial instruments (Cont'd)*

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprises cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Trust's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see below), are recognised in equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in the fair value reserve is transferred to profit or loss.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Derivative financial instruments and hedging activities*

The Trust held derivative financial instruments to hedge its interest rate risk exposure in prior years. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through Statement of Total Return. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as though the derivatives are trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the Statement of Total Return.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.3 Financial instruments (Cont'd)

#### *Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Total Return.

Impairment losses in respect of financial assets measured at amortised cost are reversed to the Statement of Total Return, if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

### 3.4 Impairment – non-financial assets

The carrying amounts of the Trust's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated at each balance sheet date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Statement of Total Return unless it reverses a previous revaluation, credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.4 Impairment – non-financial assets (Cont'd)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.5 Unitholders' funds

Unitholders' funds are classified as equity. Incremental cost, directly attributable to the issuance of additional units in CIT are deducted directly against Unitholders' funds.

### 3.6 Revenue recognition

#### (i) Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except when an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rental is recognised if there are uncertainties due to the possible return of the amounts received.

#### (ii) Interest income

Interest income is accrued using the effective interest method.

### 3.7 Expenses

#### (i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is Property Manager's fee which is based on the applicable formula stipulated in Note 1.

#### (ii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1. Manager's management fee paid and payable in Units is recognised as an expense in the Statement of Total Return and a corresponding increase in Unitholders' funds.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.7 Expenses (Cont'd)

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the trustee's fees which are based on the applicable formula stipulated in Note 1.

(iv) Borrowing costs

Interest expense and similar charges are recognised in the Statement of Total Return, using the effective interest rate method over the period of borrowings.

### 3.8 Taxation

Taxation for the year comprises current and deferred tax. Income tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit are not provided for. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of CIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of CIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of CIT, except:

- (i) where the beneficial owners are individuals or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.8 Taxation (Cont'd)

- (ii) where the beneficial owners are foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made during the period from 18 February 2010 to 31 March 2015 (both dates inclusive).

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association); or
- A Singapore branch of a foreign company which has been presented a letter of approval from IRAS granting waiver from tax deducted at source in respect of distributions from CIT.

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and;

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by CIT or distribution income received or receivable from its quoted investments. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

### 3.9 Distribution policy

CIT's distribution policy is to distribute 100% of its taxable income available for distribution to Unitholders. Distributions are made on a quarterly basis at the discretion of the Manager.

### 3.10 Finance costs

Finance costs comprise interest expense on borrowings, amortisation of borrowings and related transaction costs which are recognised in the Statement of Total Return using the effective interest method over the period of borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Significant accounting policies (Cont'd)

### 3.11 Earnings per unit

The Trust presents basic earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of units outstanding during the year, adjusted for own units held. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding, adjusted for own units held, for the effects of all dilutive potential units.

### 3.12 Segment reporting

An operating segment is a component of CIT that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of CIT's other components. All operating segments' operating results are reviewed regularly by CIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Board of Directors and the Chief Executive Officer of the Manager, to make decisions about resources to be allocated to the segments and assess its performance and for which discrete financial information is available.

### 3.13 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Trust.

## 4 Investment properties

	2010 S\$'000	2009 S\$'000
At 1 January	874,200	967,682
Acquisition of investment properties	69,710	–
Disposal of investment properties	(68,153)	(6,138)
Acquisition related costs	1,107	14
Capital expenditure incurred	3,323	286
	880,187	961,844
Change in fair value during the year	48,263	(87,644)
At 31 December	928,450	874,200
Investment properties (non-current)	906,450	795,600
Investment properties held for divestment (current)	22,000	78,600
	928,450	874,200

Investment properties are stated at fair values based on valuations performed by independent professional valuers as at 31 December 2010, except for investment properties acquired in November 2010, namely 511 & 513 Yishun Industrial Park A, which was valued by independent valuers in October 2010. The fair values of these properties approximate their carrying amounts at the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 Investment properties (Cont'd)

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flows method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected internal rate of return.

During the financial year, three new properties at 22 Chin Bee Drive, 1 & 2 Changi North Street 2 and 511 & 513 Yishun Industrial Park A, were acquired at a total carrying cost of S\$70.8 million and capital expenditure incurred was S\$3.3 million.

Certain properties, comprising properties at 27 Pandan Crescent and 37 Tampines Street 92 and 78 strata units in the property at 48 Toh Guan Road East at a total carrying value of S\$68.1 million, were disposed of during the financial year.

The latest valuation of the remaining 43 properties and the remaining 36 strata units at 48 Toh Guan Road East as at 31 December 2010 amounted to S\$928.5 million, giving rise to an increase in value of S\$48.3 million during the financial year.

As at the balance sheet date, investment properties with a carrying value of S\$858.7 million (2009: S\$874.2 million) and S\$69.8 million (2009: Nil) have been mortgaged as security for term loan facilities granted by Alhambra Pte. Ltd. and National Australia Bank Limited, respectively to the Trust (refer to Note 8).

# NOTES TO THE FINANCIAL STATEMENTS

## 5 Trade and other receivables

	2010 S\$'000	2009 S\$'000
Trade receivables	321	448
Deposits	95	44
Amounts due from the Manager (non-trade)	1	348
Distribution income receivable from quoted investments	–	504
Other receivables	160	138
<b>Loans and receivables</b>	577	1,482
Prepayments	372	428
Option fees paid	135	–
	<u>1,084</u>	<u>1,910</u>

The amounts due from the Manager are unsecured, interest-free and repayable on demand. Option fees paid in the current financial year are in respect of the proposed acquisitions of properties as disclosed in Note 18(c).

Concentration of credit risk relating to trade receivables is limited due to the Trust's large number and diverse range of tenants. The Manager believes that no significant credit risk is inherent in the Trust's trade receivables based on the Trust's historical experience in the collection of trade receivables. The maximum exposure to credit risk for trade and other receivables at the reporting date is S\$321,000 (2009: S\$448,000).

### Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross 2010 S\$'000	Impairment losses 2010 S\$'000	Gross 2009 S\$'000	Impairment losses 2009 S\$'000
Past due 0 – 30 days	320	–	254	–
Past due 31 – 120 days	1	–	194	–
More than 120 days past due	–	–	–	–
	<u>321</u>	<u>–</u>	<u>448</u>	<u>–</u>

The change in impairment loss in respect of trade receivables during the year is as follows:

	2010 S\$'000	2009 S\$'000
At 1 January	–	588
Impairment loss utilised	–	(588)
At 31 December	<u>–</u>	<u>–</u>

The Manager believes that no allowance is necessary in respect of the trade receivables during the financial year as these receivables mainly arise from tenants that have good records and have sufficient security in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Cash and cash equivalents

	2010 S\$'000	2009 S\$'000
Cash at bank and in hand	70,419	17,309
Fixed deposits with financial institutions	650	22,000
Cash and cash equivalents	<u>71,069</u>	<u>39,309</u>

Included in the cash and cash equivalents as at 31 December 2010 were the sales proceeds arising from the divestment of S\$9.2 million (2009: S\$4.0 million) of the investment properties mortgaged to secure the syndicated term loan facility of S\$323.1 million (2009: S\$390.1 million). The utilisation of these proceeds standing to the credit of this account are restricted to the following:

- repayment of the loans in whole or in part; or
- the purchase of any investment property which then become part of the security package of the current term loan facility; or
- any other use, including asset enhancement initiatives, approved by the lenders.

The weighted average effective interest rates relating to the fixed deposits at the balance sheet date is 0.23% (2009: 0.24%). Interest rates reprice at intervals ranging from 2 weeks to 2 months.

# NOTES TO THE FINANCIAL STATEMENTS

## 7 Trade and other payables

	2010 S\$'000	2009 S\$'000
<b>Current liabilities</b>		
Trade payables and accrued operating expenses	3,156	3,025
Amounts due to related parties (trade):		
- the Manager	485	750
- the Property Manager	221	228
- the Trustee	43	41
Interest and loan commitment fee payable	2,537	2,811
Rental deposits received	3,356	1,737
Rent received in advance	92	–
Deposits and option fees received	1,749	1,851
Other payables	7,230	6,475
	<u>18,869</u>	<u>16,918</u>
<b>Non-current liabilities</b>		
Other payables	367	6,904
	<u>367</u>	<u>6,904</u>
Total trade and other payables	<u>19,236</u>	<u>23,822</u>

The amounts due to related parties are unsecured. Transactions with related parties are priced on terms agreed between the parties.

Included in other payables (current) are retention sums of approximately S\$1.1 million (2009: S\$0.3 million) relating to certain investment properties acquired during the year.

The contractual undiscounted cash flows for trade and other payables are included in Note 8.

## 8 Interest-bearing borrowings

	2010 S\$'000	2009 S\$'000
<b>Non-current liabilities</b>		
Secured loans	347,499	390,100
Unamortised loan transaction costs	(8,308)	(14,941)
	<u>339,191</u>	<u>375,159</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Interest-bearing borrowings (Cont'd)

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2010		2009	
			Face value S\$'000	Gross carrying amount S\$'000	Face value S\$'000	Gross carrying amount S\$'000
Syndicated term loan facility						
- S\$ fixed rate loan	3.88-4.18	2012	323,100	323,100	390,100	390,100
Acquisition term loan facility						
- S\$ floating rate loan	SOR* + margin	2013	24,399	24,399	-	-
			347,499	347,499	390,100	390,100

\* Swap Offer Rate.

The nominal interest rate for the S\$ floating rate loan is determined by the margin plus SOR per annum.

The following are the expected contractual undiscounted cash inflows/(outflows) of interest-bearing borrowings including interest payments and other borrowing costs, and trade and other payables:

	Gross carrying amount S\$'000	Contractual cash flows S\$'000	Cash flow		
			Within 1 year S\$'000	Within 1 to 5 years S\$'000	More than 5 years S\$'000

### 2010

#### Non-derivative financial liabilities

Syndicated term loan facility					
- S\$ fixed rate loan	323,100	(345,759)	(18,077)	(327,682)	-
Acquisition term loan facility					
- S\$ floating rate loan	24,399	(25,767)	(473)	(25,294)	-
Trade and other payables*	11,547	(11,547)	(11,547)	-	-
	359,046	(383,073)	(30,097)	(352,976)	-

### 2009

#### Non-derivative financial liabilities

Syndicated term loan facility					
- S\$ fixed rate loan	390,100	(439,199)	(21,788)	(417,411)	-
Trade and other payables*	10,443	(10,443)	(10,443)	-	-
	400,543	(449,642)	(32,231)	(417,411)	-

\* Trade and other payables excludes rent received in advance and other payables.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Interest-bearing borrowings (Cont'd)

Details of the outstanding borrowings and collaterals are as follows:

### (A) Syndicated Term Loan Facility

The Singapore dollar syndicated term loan facility ("Syndicated Term Loan Facility") of S\$323.1 million (2009: S\$390.1 million) with a tenor of three years, was granted by a Special Purpose Vehicle ("SPV"), Alhambra Pte. Ltd. on 13 February 2009.

The SPV is incorporated for the purpose of the loan transaction and is administered by HSBC Institutional Trust Services (Singapore) Limited ("HSBC Trust"). The results of Alhambra Pte. Ltd. have not been consolidated with the financial statements of CIT as CIT does not exercise control over the financial and operating decisions of the entity, in accordance with INT FRS 12 – Consolidation – Special Purposes Entities.

The Facility Agreement comprises a term loan facility of S\$390.1 million, consisting of two rated tranches being:

- Tranche A facility with an aggregate principal of S\$263.1 million (2009: S\$330.1 million) rated AAA; and
- Tranche B facility with an aggregate of S\$60.0 million (2009: S\$60.0 million) rated AA

The Syndicated Term Loan Facility has a tenor of three years from the date of drawdown on 17 February 2009 and matures in February 2012.

As at 31 December 2010, total loan prepayments amounting to S\$67.0 million were made to the Syndicated Term Loan Facility, thus reducing the loan amount from S\$390.1 million to S\$323.1 million.

The Syndicated Term Loan Facility is secured by the following:

- (i) Mortgage of 40 investment properties ("Portfolio Properties") with an aggregate carrying value amounted to S\$858.7 million (2009 : S\$874.2 million) as at 31 December 2010;
- (ii) Assignment by way of security of the rights, titles and interests of the CIT's Trustee and charged in favour of the SPV, in respect of the building agreements, property management agreements, insurances and proceeds relating to the 40 mortgaged investment properties; and
- (iii) A debenture creating by way of a first fixed and floating charge on all present and future assets of CIT.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Interest-bearing borrowings (Cont'd)

### (B) Bilateral Loan Facility

On 12 August 2010, the Trustee in its capacity as trustee of CIT, entered into a facility agreement with National Australia Bank Limited to obtain financing of S\$70.0 million ("Bilateral Loan Facility") for the purpose of financing the acquisition growth of CIT.

The Bilateral Loan Facility, which comprises a term loan facility of S\$50.0 million ("Acquisition Term Loan Facility") and a revolving credit facility of S\$20.0 million ("Revolving Credit Facility"), has a tenor of three years from the date of drawdown. The facility is secured by the mortgage of the new investment properties ("Bilateral Portfolio Properties") that are acquired with the amount drawn down from the facility and utilised towards their acquisition financing.

Interest payable on the Bilateral Loan Facility is calculated based on a margin plus SOR per annum.

As at 31 December 2010, the total amount outstanding under the Bilateral Loan Facility was S\$24.4 million, secured by three investment properties acquired during the year at an aggregate carrying value amounted to S\$69.8 million.

## 9 Units in issue

	2010 Number of units (‘000)	2009 Number of units (‘000)
<b>Units in issue:</b>		
At 1 January	867,546	796,406
Units created:		
- Private placement	140,181	71,140
- Preferential offering	38,483	–
- Distribution Reinvestment Plan	10,855	–
At 31 December	1,057,065	867,546

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Units in issue (Cont'd)

During the financial year, CIT issued the following new units:

- (i) a total of 10,854,928 new units in lieu of distribution payments pursuant to a Distribution Reinvestment Plan, whereby the Unitholders have the options to receive their distribution payment in units instead of cash or a combination of units and cash as follows:

Date of Issue	Number of units issued	Issue price per unit (\$)	Period relating to
25 March 2010	2,585,239	0.445	1 October to 31 December 2009
15 June 2010	3,086,787	0.493	1 January to 31 March 2010
8 September 2010	5,182,902	0.488	1 April to 30 June 2010

- (ii) a total of 140,181,000 new units pursuant to private placement exercises to third party investors as follow:

Date of issue	Number of units issued	Issue price per unit (\$)
23 August 2010	83,683,000	0.478
1 November 2010	56,498,000	0.531

- (iii) 38,483,584 units, on the basis of 1 preferential unit for every 25 existing units, pursuant to a preferential offering exercise were issued to third party investors and related parties (refer to note 19) at an issue price of \$0.531 on 18 November 2010.

During the previous financial year, 71,140,000 new units were issued on 12 August 2009 pursuant to a private placement exercise. The units were issued at a dual issue price of S\$0.392 per unit to third party investors and S\$0.399 per unit to related parties (see Note 19).

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Units in issue (Cont'd)

- one vote per unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his units while the units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

## 10 Gross revenue

	2010 S\$'000	2009 S\$'000
Property rental income	74,050	74,136
Other income	160	285
	<u>74,210</u>	<u>74,421</u>

## 11 Property expenses

	2010 S\$'000	2009 S\$'000
Land rental	3,196	2,991
Property and lease management fees	2,222	2,226
Property tax	2,648	2,417
Repair and maintenance expenses	475	632
Other property operating expenses	574	1,016
	<u>9,115</u>	<u>9,282</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 12 Manager's management fees

	2010 S\$'000	2009 S\$'000
Manager's management fees (base fees) paid and payable in cash	4,668	4,686

No performance fees were payable to the Manager for the current financial year and the previous financial year.

## 13 Trust expenses

	2010 S\$'000	2009 S\$'000
Trustee's fees	165	165
Professional fees	710	1,665
Other expenses	662	309
	<u>1,537</u>	<u>2,139</u>

Included in the professional fees are non-audit fees paid/payable to the auditors amounting to S\$65,000 (2009: S\$96,400).

## 14 Borrowing costs

	2010 S\$'000	2009 S\$'000
Borrowing costs paid and payable on loans	15,587	15,836
Amortisation of transaction costs relating to debt facilities	8,531	6,359
Other loan transaction cost	1,382	–
	<u>25,500</u>	<u>22,195</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Income tax expense

	2010 S\$'000	2009 S\$'000
<i>Reconciliation of effective tax rate</i>		
Total return for the year before income tax	85,846	(61,139)
Income tax using Singapore tax rate of 17% (2009: 17%)	14,594	(10,393)
Income not subject to tax	(676)	(58)
Non-tax deductible items	(6,311)	17,973
Tax transparency	(7,586)	(7,436)
	21	86

## 16 Earnings and distribution per unit

### *Earnings per unit*

The calculation of basic earnings per unit is based on weighted average number of units in issue during the year and total return after tax for the year.

	2010 S\$'000	2009 S\$'000
Total return before income tax	85,846	(61,139)
Less: Income tax attributable to total return	(21)	(86)
Total return after income tax	85,825	(61,225)
	Number of Units '000	Number of Units '000
Weighted average number of units:		
- Outstanding during the period	867,546	796,406
Effect of issue of new units:		
- Private placement	39,476	27,676
- Preferential offering	4,639	-
- Distribution Reinvestment Plan	5,322	-
	916,983	824,082

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year and in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 16 Earnings and distribution per unit (Cont'd)

### *Distribution per unit*

The calculation of distribution per unit is based on the net income available for distribution for the year and the applicable number of units which is either the number of units on issue at the end of each period or the applicable number of units on issue during the period.

	2010 S\$'000	2009 S\$'000
Net income available for distribution	44,727	44,162
	Number of Units ( '000)	Number of Units ( '000)
Applicable number of units for the calculation of DPU	914,352	824,082

## 17 Equity issue costs

	2010 S\$'000	2009 S\$'000
Professional fees incurred	957	205
Underwriting and selling commissions incurred	3,841	–
Miscellaneous issue costs incurred	171	17
	4,969	222

These expenses incurred are deducted directly against Unitholders' funds. Included in the professional fees are non-audit fees paid/payable to the auditors amounting to S\$145,000 (2009 : S\$nil).

## 18 Commitments

### (a) Lease commitments

CIT leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	2010 S\$'000	2009 S\$'000
Receivable:		
- Within 1 year	76,868	75,632
- After 1 year but within 5 years	211,495	256,021
- After 5 years	31,794	38,768
	320,157	370,421

# NOTES TO THE FINANCIAL STATEMENTS

## 18 Commitments (Cont'd)

### (b) Operating lease commitments

CIT is required to pay annual land rent to Jurong Town Corporation ("JTC") and Housing & Development Board ("HDB") for 21 (2009: 21) properties. Land rents for the remaining properties are either not applicable as the upfront land premium has already been paid by the vendors or borne by the tenants of these properties based on the contractual lease agreements.

The annual land rent is based on market rent for the relevant year and any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the respective properties for the immediate preceding year. The land rent paid based on prevailing rental rates during the financial year was S\$3,262,000 in relation to 21 properties (2009: S\$2,991,000 in relation to 21 properties).

### (c) Capital Commitment

During the current financial year, the Trustee entered into conditional put and call options for the acquisition of the following properties:

Property	Vendor	Acquisition value	
		2010 S\$'000	2009 S\$'000
29 Tai Seng Avenue Singapore 534119	Natural Cool Investments Pte Ltd	21,100	–
60 Tuas South Street 1 Singapore 639925	Peter's Polyethylene Industries Pte Ltd	6,400	–
Tuas View Circuit	Peter's Polyethylene Industries Pte Ltd	12,200	–
		<u>39,700</u>	<u>–</u>

Option fees paid for the proposed acquisition of these properties are disclosed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 Related parties

For the purposes of these financial statements, parties are considered to be related to CIT if CIT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where CIT and the party are subject to common significant influence. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	2010 S\$'000	2009 S\$'000
<b>Cambridge Industrial Trust Management Limited (The Manager)</b>		
Management fees paid and payable	4,668	4,686
Acquisition fee paid relating to the purchase of investment properties	697	–
Disposal fee paid relating to the divestment of investment properties	364	33
Issuance of preferential units	169	–
Reimbursement due from the Manager	–	348
<b>Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property Manager's fees paid and payable	2,222	2,226
Marketing services commission paid and payable	74	59
Project management fees paid and payable	–	26
<b>RBC Dexia Trust Services Singapore Limited (The Trustee)</b>		
Trustee fees paid and payable	165	165
<b>Antares nabInvest Trust (Related company of the Manager) (Note 1)</b>		
Issuance of preferential units	287	–
Issuance of placement units	–	5,387

# NOTES TO THE FINANCIAL STATEMENTS

## 19 Related parties (Cont'd)

	2010 S\$'000	2009 S\$'000
<b>Oxley Securities (S) Pte Ltd</b>		
<b>(Related company of the Manager) (Note 2)</b>		
Issuance of placement units	–	1,049
<b>National Australia Bank Limited</b>		
<b>(Related company of the Manager) (Note 3)</b>		
Loan disbursed	24,399	–
Loan transaction costs paid	1,460	–
Commitment fee paid and payable	210	–
Interest paid and payable	75	–

Note 1: nabInvest Capital Partners Pty Limited (“nabInvest Capital”), which manages Antares nabInvest Trust, is a shareholder of the ultimate holding company of the Manager with an indirect equity interest in the Manager of 56%.

Note 2: Oxley Securities (S) Pte Ltd (“Oxley Securities”), which is a subsidiary of the Oxley Holdings Limited (“Oxley Holdings”), is related to the Manager by virtue of Oxley Holdings’ indirect equity interest in the Manager of 24%. Oxley Securities disposed of its entire interest in CIT in December 2010.

Note 3: National Australia Bank Limited, (“NAB”) which is the ultimate holding company of nabInvest Capital in Australia, is related to the Manager by virtue of nabInvest Capital’s indirect equity interest in the Manager of 56%.

# NOTES TO THE FINANCIAL STATEMENTS

## 20 Subsequent events

Subsequent to the financial year:

- (a) The Manager was informed by the Singapore Land Authority in January 2011 with regard to the compulsory acquisition of land in Tuas for the construction of Tuas West Mass Rapid Transit extension and road works. Three of CIT's 43 properties will be affected to varying degrees by this land acquisition. All or part of the land where these properties are situated will be possessed by the Government by January 2013.

The land area to be compulsorily acquired was estimated at 58,439 metres square ("sq m") or approximately 12.8% of the property portfolio. CIT is entitled to receive compensation based on the market value of the acquired land as at the date of publication of the notification of acquisition (ie 11 January 2011), and any applicable costs and damages as provided for in the Land Acquisition (Amendment) Act 2007.

- (b) CIT made a loan prepayment of S\$20.0 million in February 2011 to further reduce the outstanding Syndicated Term Loan of S\$323.1 million as at 31 December 2010 to S\$303.1 million.

## 21 Financial risk management

### *Capital management*

The Board of the Manager proactively reviews the Trust's capital and debt management cum financing policy regularly so as to optimise the Trust's funding structure. The Board also monitors the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Trust is subject to the Aggregate Leverage limit as defined in the Property Fund Guidelines of the CIS code. The CIS code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35.0% of the fund's deposited property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35.0% of the fund's deposited property.

The Trust has maintained its corporate rating of "BBB-/Stable/--" and complied with the Aggregate Leverage limit of 60.0% during the financial year. There were no changes in the Trust's approach to capital management during the financial year.

As at the balance sheet date, the gross amount of loans and borrowings as a percentage of total assets was 34.7% (2009: 42.6%).

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Financial risk management (Cont'd)

### *Overview*

The Trust has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Trust's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

The Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to CIT, as and when they fall due.

The Manager has established credit limits for tenants and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. In addition, CIT requires the lessees to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to CIT. Cash and fixed deposits are placed with financial institutions which are regulated.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Financial risk management (Cont'd)

### Interest rate risk

CIT's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

### (a) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates the effective interest rates as at 31 December 2010 and 31 December 2009 and the periods at which they reprice.

	Effective interest rate %	Floating interest S\$'000	Fixed interest rate maturing within 1 to 5 years S\$'000	Total S\$'000
<b>2010</b>				
<b>Financial asset</b>				
Fixed deposits with financial institutions	0.23	650	–	650
<b>Financial liabilities</b>				
Interest-bearing borrowings				
- S\$ variable rate	1.93	24,399	–	24,399
- S\$ fixed rate	4.06	–	323,100	323,100
		24,399	323,100	347,499
<b>2009</b>				
<b>Financial asset</b>				
Fixed deposits with financial institutions	0.57	22,000	–	22,000
<b>Financial liabilities</b>				
Interest-bearing borrowings				
- S\$ fixed rate	4.06	–	390,100	390,100

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Financial risk management (Cont'd)

### (b) Sensitivity analysis

In managing the interest rate risk, CIT aims to reduce the impact of short term fluctuations on its earnings.

As at 31 December 2010 and 31 December 2009, a change of 100 basis point in the interest rate would increase/(decrease) Unitholders' fund and total return by the amounts shown below:

	Profit or loss		Equity	
	100 bp increase S\$'000	100 bp decrease S\$'000	100 bp increase S\$'000	100 bp decrease S\$'000
<b>31 December 2010</b>				
Variable rate instruments				
- Interest income	101	(28)	101	(28)
- Interest expense	(39)	39	(39)	39
	<u>62</u>	<u>11</u>	<u>62</u>	<u>11</u>
<b>31 December 2009</b>				
Variable rate instruments				
- Interest income	<u>68</u>	<u>(38)</u>	<u>68</u>	<u>(38)</u>

### Currency risk

At present, all transactions involving the Trust are denominated in Singapore dollars and the Trust faces no currency risk. If this were to change in the future, the Manager would consider currency hedging to the extent appropriate.

### Liquidity risk

The Manager monitors the liquidity risk of CIT and maintains a level of cash and cash equivalents deemed adequate by management to finance CIT's operations. Typically, the Trust ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably be predicted, such as natural disasters.

The Manager monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Financial risk management (Cont'd)

### *Fair values*

The following summarises the significant methods and assumptions used in estimating the fair values.

#### (a) *Financial derivatives*

As at 31 December 2010, CIT does not have any financial derivatives.

#### (b) *Interest-bearing borrowings*

Fair value is calculated based on discounted expected future principal and interest cash flows.

#### (c) *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

### *Interest rates used in determining fair values*

The aggregate net fair values of the recognised financial liability of the Trust which were not carried at fair value in the balance sheet at 31 December were represented in the following table:

	Note	Carrying amount 2010 S\$'000	Fair value 2010 S\$'000	Carrying amount 2009 S\$'000	Fair value 2009 S\$'000
<b>Financial liability</b>					
Secured loan	8	347,499	351,729	390,100	396,803
Unrecognised loss			4,230		6,703

The interest rate used to determine the fair value of the secured loan was margin plus SOR. The SOR used approximates to the remaining loan period to maturity of the respective borrowings at the end of the reporting date on the expected contractual cash flows of the secured loans (see Note 8).

The comparative fair value and unrecognised loss for 2009, previously reported as S\$431.5 million and S\$41.4 million respectively, were restated as S\$396.8 million and S\$6.7 million accordingly to enhance comparability and to be consistent with the current year presentation.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Segment reporting

Segment information is presented based on the information reviewed by CIT's CODMs for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that CIT has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of CIT under FRS 108 *Operating Segments*. CIT has only one tenant which contributed to an annual rental revenue, of approximately S\$8.1 million (2009: S\$7.9 million), constituting more than 10% of its total revenue during the financial year.

Accordingly, no operating segment information has been prepared as CIT has only one reportable segment. CIT operates in Singapore as the investment properties are all located locally. To ensure CIT provides a stable return to its Unitholders, the CODMs have been diligently monitoring major key operating and performance indicators which include, amongst many others, net property income, distribution per unit, gearing, cost of borrowings and cash flows.

## 23 Financial ratios

	2010	2009
	%	%
Expenses to weighted average net assets <sup>1</sup>		
- Expense ratio excluding performance-related fee	1.13	1.15
- Expense ratio including performance-related fee	1.13	1.15
Portfolio turnover rate <sup>2</sup>	12.92	1.47

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of CIT, excluding property related expenses, borrowing costs and income tax expense.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CIT expressed as a percentage of daily average net asset value.

# ADDITIONAL INFORMATION

## Related Party Transactions

The transactions entered into with interested parties during the financial year and fall within the Listing Manual of the SGX-ST and the Property Funds Guidelines under the Code of Collective Investment Schemes are:

Name of entity	Aggregate value of all interested party transactions (IPTs) during the financial year under review Note (a) S\$'000	Aggregate value of all IPTs under the IPT mandate (or a unitholders' mandate for IPTs under Rule 920 of the Listing Manual) during the financial year under review Note (b) S\$'000
<b>Cambridge Industrial Trust Management Limited (The Manager)</b>		
Management fee paid and payable	4,668	–
Acquisition fee paid relating to the purchase of investment properties	697	–
Disposal fees paid relating to the divestment of investment properties	364	–
Issuance of preferential units	169	–
<b>Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property Manager's fees paid and payable	2,222	–
<b>RBC Dexia Trust Services Singapore Limited (The Trustee)</b>		
Trustee fees paid and payable	165	–
<b>Antares nabInvest Trust (Related company of the Manager) Note (c)</b>		
Issuance of preferential units	287	–
<b>National Australia Bank Limited (Related company of the Manager) Note (d)</b>		
Loan disbursed	24,399	–
Loan transaction costs paid	1,460	–
Commitment fee paid and payable	210	–

### Notes:

- a. These interested party transactions exclude transactions less than S\$100,000 and transactions pursuant to the IPT mandate or a unitholders' mandate for IPTs under Rule 920 of the New Listing Manual.
- b. These interested party transactions exclude transactions less than S\$100,000.
- c. nabInvest Capital Partners Pty Limited ("nabInvest Capital"), which manages Antares nabInvest Trust, is a shareholder of the ultimate holding company of the Manager with an indirect equity interest in the Manager of 56%.
- d. National Australia Bank Limited, which is the ultimate holding company of nabInvest Capital in Australia, is related to the Manager by virtue of nabInvest Capital's indirect equity interest in the Manager of 56%.

# ADDITIONAL INFORMATION

Except as disclosed above, there were no additional interested party transactions (excluding transactions of less than S\$100,000 each) entered into up to and including 31 December 2010.

Please also see Significant Related Party Transactions in Note 19 to the financial statements.

Rule 905 and 906 of the Listing Manual of the SGX-ST are not applicable if such interested party transactions are made on the basis of, and in accordance with, the terms and conditions set out in the IPO prospectus.

## Use of Proceeds for FY2010

The Manager undertook private placements and a preferential offering in FY2009 and FY2010 ("Equity Fund Raisings") to finance the acquisitions of properties, asset enhancement initiatives and to provide working capital.

During FY2010, a total of S\$40.6 million has been utilised out of the remaining net proceeds of S\$92.6 million as follows:

Purpose	Amount S\$ million
<b>Net proceeds remaining from the Equity Fund Raisings (gross proceeds net of expenses relating to Equity Fund Raisings)</b>	<b>92.6</b>
<b>Use of proceeds in FY2010:</b>	
Payment for asset enhancement initiatives	(1.6)
General working capital	(1.0)
Property acquisitions	(36.5)
Debt related costs in relation to the Acquisition Term Loan Facility	(1.5)
<b>Total proceeds used in FY2010</b>	<b>(40.6)</b>
<b>Remaining balance of net proceeds</b>	<b>52.0</b>

Out of the total remaining balance of the net proceeds of S\$52.0 million, an amount of S\$31.5 million has been earmarked for completing three properties underlying the Equity Fund Raisings. The net proceeds are currently placed in fixed deposits awaiting further disbursement for the intended uses.

## Sale of Properties in FY2010

During FY2010, certain properties, namely 27 Pandan Crescent, Standard Form Building (37 Tampines Street 92) and 78 out of 114 units at Enterprise Hub (48 Toh Guan Road East), at a valuation of S\$7.8 million, S\$11.5 million and S\$48.8 million respectively, have been divested. The total sale price is S\$72.8 million. The purchasers for 27 Pandan Crescent and Standard Form Building (37 Tampines Street 92) are end users of the property whereas the strata units in Enterprise Hub (48 Toh Guan Road East) are either sold subjected to existing tenancies or to existing users of the units.

## Acquisition of Properties in FY2010

During FY2010, CIT acquired and completed the acquisitions of 22 Chin Bee Drive, 1 & 2 Changi North Street 2 and 511 & 513 Yishun Industrial Park A, at the purchase consideration of S\$15.0 million, S\$22.1 million and S\$32.6 million respectively. 22 Chin Bee Drive, 1 & 2 Changi North Street 2 and 511 & 513 Yishun Industrial Park A were valued at S\$15.0 million, S\$22.2 million and S\$32.6 million respectively. These properties were purchased from the respective vendors, Deluge Fire Protection (S.E.A.) Pte Ltd, ETLA Limited and Seksun International Pte Ltd.

# STATISTICS OF UNITHOLDERS

As at 7 March 2011

## Issued and Fully Paid-Up Units

1,057,065,216 Ordinary Units (voting rights: one vote per Unit)

Market Capitalisation S\$539,103,260 (based on closing price of S\$0.510 as at 7 March 2010)

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Units in Issue
1 – 999	38	0.46	11,606	0.00
1,000 – 10,000	3,666	43.88	19,391,614	1.83
10,001 – 1,000,000	4,593	54.98	267,814,566	25.34
1,000,001 and above	57	0.68	769,847,430	72.83
<b>Total</b>	<b>8,354</b>	<b>100.00</b>	<b>1,057,065,216</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

As shown in the Register of Unitholders

No.	Name	No. of Units	% of Units in Issue
1	DBS NOMINEES PTE LTD	150,774,519	14.26
2	CITIBANK NOMINEES SINGAPORE PTE LTD	134,165,928	12.69
3	HSBC (SINGAPORE) NOMINEES PTE LTD	71,386,267	6.75
4	DBSN SERVICES PTE LTD	63,593,874	6.02
5	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	35,998,704	3.41
6	CWT LIMITED	31,200,000	2.95
7	MITSUI & CO. LTD	19,118,412	1.81
8	BNP PARIBAS SECURITIES SERVICES SINGAPORE	18,735,011	1.77
9	NOMURA SINGAPORE LIMITED	16,813,744	1.59
10	DMG & PARTNERS SECURITIES PTE LTD	16,055,520	1.52
11	OCBC SECURITIES PRIVATE LTD	14,620,168	1.38
12	DB NOMINEES (S) PTE LTD	14,129,352	1.34
13	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	13,834,286	1.31
14	RAFFLES NOMINEES (PTE) LTD	12,460,985	1.18
15	MERRILL LYNCH (S'PORE) PTE LTD	10,890,507	1.03
16	CHAN WAI KHEONG	10,817,000	1.02
17	COSMIC INSURANCE CORPORATION LIMITED – SIF	10,458,433	0.99
18	PHILLIP SECURITIES PTE LTD	10,107,516	0.96
19	DBS VICKERS SECURITIES (S) PTE LTD	9,547,834	0.90
20	UOB KAY HIAN PTE LTD	9,220,145	0.87
		<b>673,928,205</b>	<b>63.75</b>

# STATISTICS OF UNITHOLDERS

As at 7 March 2011

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	Direct Interest No. of Units	%	Deemed Interest No. of Units	%
Mackenzie Cundill Recovery Fund <sup>(1)</sup>	65,400,000	6.19	–	–
Mackenzie Financial Corporation <sup>(2)</sup>	–	–	65,400,000	6.19
Paul G. Desmarais <sup>(3)</sup>	–	–	60,000,000	5.68
Power Financial Corporation, 171263 Canada Inc., and Power Corporation of Canada <sup>(4)</sup>	–	–	60,000,000	5.68
Gelco Enterprises Ltd, Nordex Inc, Pansolo Holdings Inc. <sup>(5)</sup>	–	–	60,000,000	5.68

- (1) Mackenzie Cundill Recovery Fund's direct interest comprises Units registered in the name of DBS Nominees Pte. Ltd.
- (2) Mackenzie Financial Corporation is deemed to be interested in the 65,400,000 Units held by Mackenzie Cundill Recovery Fund by virtue of it being the investment manager of Mackenzie Cundill Recovery Fund.
- (3) Paul G. Desmarais is deemed to be interested in the 60,000,000 Units by virtue of his indirect controlling interest in, amongst others, the Power Corporation of Canada which in turn has deemed interest in the shares managed by the subsidiaries of Power Corporation of Canada as fund managers.
- (4) Power Financial Corporation, 171263 Canada Inc. and Power Corporation of Canada are deemed interested in the 60,000,000 Units by virtue of their deemed interests in the shares managed by their subsidiaries as fund managers.
- (5) Gelco Enterprises Ltd, Nordex Inc and Pansolo Holdings Inc. are deemed interested in the 60,000,000 Units by virtue of their deemed interests in the shares managed by their subsidiaries as fund managers.

## Unitholdings of Directors as at 21 January 2011

Name of Directors	Direct Interest		Deemed Interest	
	Direct Interest No. of Units	%	Deemed Interest No. of Units	%
Dr Chua Yong Hai	–	–	–	–
Prof Ong Seow Eng	63,000	0.006	–	–
Mr Michael Patrick Dwyer <sup>(1)</sup>	–	–	8,206,315	0.780
Mr Victor Ong Wei Tak (Alternate director to Michael Patrick Dwyer)	–	–	8,206,315	0.780
Mr Tan Guong Ching	–	–	–	–
Mr Ian Keith Crow	–	–	–	–
Mr Masaki Kurita	–	–	–	–
Mr Ian Andrew Smith	–	–	–	–
Mr John Charles Wood	–	–	–	–
Mr Christopher Dale Calvert	3,800	N/M <sup>(2)</sup>	–	–

- (1) Michael Patrick Dwyer is deemed interested in 8,206,315 units held by Cambridge Industrial Trust Management Limited ("the Manager") by virtue of his interest in Cambridge Real Estate Investment Management Pte. Ltd. which holds 80% interest in the Manager.
- (2) Non-meaningful.

## Free Float

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 7 March 2011, approximately 87% of CIT's Units are held in the hands of the public and therefore, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

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**Note about paper and printing**

As part of CIT's efforts to be a responsible corporate citizen and to promote environmental sustainability, the 2010 annual report is printed on Forest Stewardship Council (FSC) mixed paper: 9 Lives Silk (55% recycled) and Ozone Offset.

If you would like additional hard copies of the annual report, we encourage you to download the soft copy in order to reduce consumption of resources from printing and distributing hard copies. A soft copy (PDF format) is available for downloading via Cambridge Industrial Trust's website at: [www.cambridgeindustrialtrust.com](http://www.cambridgeindustrialtrust.com)

**About the Forest Stewardship Council**

The Forest Stewardship Council (FSC) is an international organisation that brings people together to find solutions which promote responsible stewardship of the world's forests. Its trademark provides international recognition to organisations that support the growth of responsible forest management. Its Chain of Custody (COC) Certificate provides a guarantee on the production of FSC certified products.

COC is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. For more information, please visit: [www.fsc.org](http://www.fsc.org)





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