



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

Financial Statements
Year ended 31 December 2010

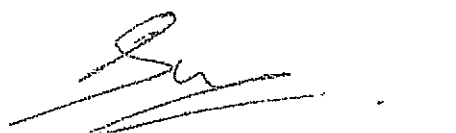
KPMG LLP (Registration No. T08LL1267LL, an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 FS1 to FS46 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**



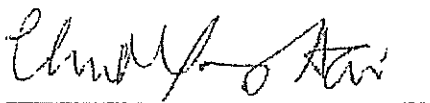
Diana Senanayake
Managing Director

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 FS1 to FS46 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**



Dr Chua Yong Hai
Chairman

Singapore
28 February 2011



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Auditors' Report to the Unitholders of Cambridge Industrial Trust ("CIT")

(Constituted under a Trust Deed in the Republic of Singapore)

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 FS1 to FS46.

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

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore
28 February 2011

Balance Sheet
As at 31 December 2010

	Note	2010 \$'000	2009 \$'000
Assets			
Non-current assets			
Investment properties	4	906,450	795,600
Current assets			
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
		<u>94,153</u>	<u>119,819</u>
Total assets		<u>1,000,603</u>	<u>915,419</u>
Liabilities			
Current liabilities			
Trade and other payables	7	18,869	16,918
Current tax payable		21	86
		<u>18,890</u>	<u>17,004</u>
Non-current liabilities			
Trade and other payables	7	367	6,904
Interest-bearing borrowings	8	339,191	375,159
		<u>339,558</u>	<u>382,063</u>
Total liabilities		<u>358,448</u>	<u>399,067</u>
Net assets		<u>642,155</u>	<u>516,352</u>
Represented by:			
Unitholders' funds		<u>642,155</u>	<u>516,352</u>
Units in issue ('000)	9	1,057,065	867,546
Net asset value per unit (\$)		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 \$'000	2009 \$'000
Gross revenue	10	74,210	74,421
Property expenses	11	(9,115)	(9,282)
Net property income		<u>65,095</u>	<u>65,139</u>
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)
Net income		<u>33,609</u>	<u>36,666</u>
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)
Total return before income tax		<u>85,846</u>	<u>(61,139)</u>
Income tax expense	15	(21)	(86)
Total return for the year		<u>85,825</u>	<u>(61,225)</u>
Earnings per unit (cents)			
Basic and diluted	16	<u>9.36</u>	<u>(7.43)</u>
Distribution per unit (cents)	16	<u>4.89</u>	<u>5.36</u>

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

Distribution Statement
Year ended 31 December 2010

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

Note A – Distribution Adjustments

	2010 \$'000	2009 \$'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)
	<u>(37,124)</u>	<u>105,726</u>
Income not subject to tax:		
Gain on disposal of investment properties	(3,974)	(339)
Net effect of distribution adjustments	<u>(41,098)</u>	<u>105,387</u>

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

Note B – Distributions

	2010 \$'000	2009 \$'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 ⁽¹⁾	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
	<hr/> 38,744	<hr/> 32,200
Distribution of 1.377 cents per unit for the period from 1/10/2009 to 31/12/2009 ⁽²⁾	11,946	–
Distribution of 1.373 cents per unit for the period from 1/10/2008 to 31/12/2008 ⁽³⁾	–	10,935
	<hr/> 50,690	<hr/> 43,135

Note:

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

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

Statement of Movements in Unitholders' Funds
Year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Unitholders' funds at beginning of year		516,352	592,934
Operations			
Total return for the year after tax		85,825	(61,225)
Unitholders' transactions			
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		39,978	(15,357)
Unitholders' funds at end of year		642,155	516,352

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	Existing use	Occupancy rate at 31/12/2010		At Independent Valuation		Percentage of Unitholders' Funds		
						%	%	31/12/2009 \$'000	31/12/2010 \$'000	31/12/2009 %	31/12/2010 %	
Logistics and Warehousing Properties ⁽¹⁾												
1 CWT DISTRI PARK	Leasehold	30+12	26 ⁽²⁾	24 Jurong Port Road Singapore 619097	Logistics and Warehousing	100	100	97,500	96,300	15.18	18.65	
2 JURONG DISTRICT CENTRE	Leasehold	30+30	40 ⁽³⁾	3 Pioneer Sector 3 Singapore 628342	Logistics and Warehousing	100	100	50,000	49,100	7.79	9.51	
3 ODC DISTRICT CENTRE	Leasehold	30+30	45 ⁽⁴⁾	30 Toh Guan Road Singapore 608840	Logistics and Warehousing	74	100	42,000	36,900	6.54	7.15	
4 31 TUAS AVENUE 11	Leasehold	30+30	43 ⁽⁵⁾	31 Tuas Avenue 11 Singapore 639105	Logistics and Warehousing	100	100	9,800	8,900	1.53	1.72	
5 25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	44 ⁽¹¹⁾	25 Changi South Ave 2 Singapore 486594	Logistics and Warehousing	100	100	10,000	7,800	1.56	1.51	
6 YCH DISTRI PARK	Leasehold	30+30	28 ⁽¹²⁾	30 Tuas Road Singapore 638492	Logistics and Warehousing	100	100	72,400	71,800	11.27	13.91	
7 1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	21 ⁽¹³⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701	Logistics and Warehousing	100	100	11,500	11,100	1.79	2.15	
8 1 TUAS AVENUE 3	Leasehold	30+23	22 ⁽¹⁴⁾	1 Tuas Avenue 3 Singapore 639402	Logistics and Warehousing	100	100	29,200	28,500	4.55	5.52	
									322,400	310,400	50.21	60.12

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

Cambridge Industrial Trust
Financial Statements
Year ended 31 December 2010

Investment Properties Portfolio Statement
As at 31 December 2010

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Occupancy rate at		At		Percentage of	
						31/12/2010	31/12/2009	Valuation	Valuation	Unitholders' Funds	
						%	%	\$'000	\$'000	31/12/2010	31/12/2009
Light Industrial Properties ^(a)											
1 21 UBI ROAD 1	Leasehold	30+30	46 ^(b)	21/23 Ubi Road 1 Singapore 408724/ 408725	Light Industrial	100	100	32,000	25,700	4.98	4.98
2 136 JOO SENG ROAD	Leasehold	30+30	40 ^(b)	136 Joo Seng Road Singapore 368360	Light Industrial	100	100	12,500	10,400	1.95	2.01
3 CSIE GLOBAL BUILDING	Leasehold	60	48 ^(b)	2 Ubi View Singapore 408556	Light Industrial	100	100	8,100	8,100	1.26	1.57
4 MI BUILDING	Leasehold	30+30	46 ^(b)	11 Serangoon North Avenue 5 Singapore 554809	Light Industrial	100	100	16,800	14,600	2.62	2.83
5 130 JOO SENG ROAD	Leasehold	30+30	41 ^(b)	130 Joo Seng Road Singapore 368357	Light Industrial	100	92	12,300	10,000	1.92	1.94
6 PANASONIC BUILDING	Leasehold	99	51 ^(b)	2 Jalan Kilang Barat Singapore 159346	Light Industrial	100	100	23,500	21,100	3.66	4.09
7 MEC TECHNOCENTRE	Leasehold	30+30	40 ^(b)	87 DeFu Lane 10 Singapore 539219	Light Industrial	100	100	14,300	13,100	2.23	2.54
8 ARMORCOAT INTERNATIONAL BUILDING	Leasehold	30+30	46 ^(b)	361 Ubi Road 3 Singapore 408664	Light Industrial	100	100	17,700	16,400	2.76	3.18
9 LAM SOON INDUSTRIAL BUILDING	Freehold	Freehold	— ^(b)	63 Hillview Avenue Singapore 669569	Light Industrial	100	100	80,500	76,700	12.54	14.85
10 MINTWELL BUILDING	Leasehold	30+30	46 ^(b)	55 Ubi Avenue 3 Singapore 408864	Light Industrial	100	100	18,300	18,300	2.85	3.54
11 DP COMPUTERS BUILDING	Leasehold	30+30	41 ^(b)	128 Joo Seng Road Singapore 368356	Light industrial	100	100	11,400	10,400	1.78	2.01
Balance carried forward								247,400	224,800	38.55	43.54

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	Existing use	Occupancy rate at 31/12/2010 %	Occupancy rate at 31/12/2009 %	At Independent Valuation \$'000	At Independent Valuation \$'000	Percentage of Unitholders' Funds 31/12/2010 %	Percentage of Unitholders' Funds 31/12/2009 %
Light Industrial Properties ^(a)											
Balance brought forward											
^(a) NATURAL COOL BUILDING	Leasehold	30+30	39 ^(2a)	81 Delfi Lane 10 Singapore 539217	Light Industrial	100	100	247,400	224,800	38.55	43.54
^(a) 9 BUKIT BATOK STREET 22	Leasehold	30+30	42 ^(2b)	9 Bukit Batok Street 22 Singapore 659585	Light Industrial	100	100	5,200	5,200	0.81	1.01
^(a) * 1 ENTERPRISE HUB	Leasehold	60	46 ^(2a)	48 Toh Guan Road East Singapore 608586	Light Industrial	100	100	20,000	19,600	3.11	3.79
^(a) # 1/2 CHANGI NORTH STREET 2	Leasehold	30+30	50/55 ^(2a)	1/2 Changi North Street 2 Singapore 498808/498775	Light Industrial	100	-	22,000	70,800	3.43	13.71
								22,150	-	3.45	-
								316,750	320,400	49.35	62.05
Industrial and Warehousing Properties ^(b)											
^(b) 86/88 INTERNATIONAL ROAD	Leasehold	30+30	44 ^(2b)	86/88 International Road Singapore 629176/629177	Industrial and Warehousing	100	100	15,500	14,200	2.41	2.75
^(b) 23 TUAS AVENUE 10	Leasehold	30+29	46 ^(2b)	23 Tuas Avenue 10 Singapore 639149	Industrial and Warehousing	100	100	10,000	9,000	1.56	1.74
^(b) 9 TUAS VIEW CRESCENT	Leasehold	30+30	48 ^(2b)	9 Tuas View Crescent Singapore 637612	Industrial and Warehousing	100	100	6,800	6,000	1.06	1.16
^(b) * 27 PANDAN CRESCENT	Leasehold	30+30	-	27 Pandan Crescent Singapore 128476	Industrial and Warehousing	-	100	-	7,800	-	1.51
^(b) 28 SENOKO DRIVE	Leasehold	30+30	28 ^(2b)	28 Senoko Drive Singapore 758214	Industrial and Warehousing	100	100	12,500	10,400	1.95	2.01
^(b) 31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	44 ^(2b)	31 Changi South Avenue 2 Singapore 486478	Industrial and Warehousing	100	100	6,500	6,100	1.01	1.18
								51,300	53,500	7.99	10.35
Balance carried forward											

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

Cambridge Industrial Trust
Financial Statements
Year ended 31 December 2010

Investment Properties Portfolio Statement
As at 31 December 2010

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Occupancy rate at 31/12/2010		At Independent Valuation		Percentage of Unitholders' Funds	
						%	%	\$'000	\$'000	31/12/2010	31/12/2009
Industrial and Warehousing Properties ^(a)											
Balance brought forward											
6	120 PIONEER ROAD	30+28	44 ^(a)	120 Pioneer Road Singapore 639597	Industrial and Warehousing	100	100	51,300	53,500	7.99	10.35
6	23 WOODLANDS TERRACE	30+30	46 ^(a)	23 Woodlands Terrace Singapore 738472	Industrial and Warehousing	100	100	30,000	26,400	4.67	5.11
6	21B SENOKO LOOP	30+30	42 ^(a)	21B Senoko Loop Singapore 758171	Industrial and Warehousing	100	100	15,500	15,000	2.41	2.91
6	6 TUAS BAY WALK	30+30	46 ^(a)	6 Tuas Bay Walk Singapore 637752	Industrial and Warehousing	96	84	6,500	6,100	1.01	1.18
6	79 TUAS SOUTH STREET 5	30+30	49 ^(a)	79 Tuas South Street 5 Singapore 637604	Industrial and Warehousing	100	100	9,600	9,500	1.49	1.84
6	22 CHIN BEE DRIVE	30	25 ^(a)	22 Chin Bee Drive Singapore 619870	Industrial and Warehousing	100	--	15,000	--	2.34	--
								142,400	125,000	22.17	24.20
Industrial Properties ^(a)											
6	7 GUL LANE	30+30	30 ^(a)	7 Gul Lane Singapore 629406	Industrial	100	100	3,850	3,400	0.60	0.66
6	31 KIAN TECK WAY	30+19	32 ^(a)	31 Kian Teck Way Singapore 628751	Industrial	100	100	3,600	3,300	0.56	0.64
6	TECHPLAS INDUSTRIAL BUILDING	30+30	45 ^(a)	45 Changi South Avenue 2 Singapore 486133	Industrial	100	100	9,550	9,100	1.49	1.76
6	2 TUAS SOUTH AVENUE 2	60	48 ^(a)	2 Tuas South Ave 2 Singapore 637601	Industrial	100	100	27,500	23,200	4.28	4.49
								44,500	39,000	6.93	7.55
Balance carried forward											

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	Existing use	Occupancy rate at 31/12/2010 %	31/12/2009 %	At Independent Valuation 31/12/2010 S'000	At Independent Valuation 31/12/2009 S'000	Percentage of Unitholders' Funds 31/12/2010 %	31/12/2009 %
Industrial Properties ^(a)											
Balance brought forward											
28 WOODLANDS LOOP	Leasehold	30+30	45 ^(a)	28 Woodlands Loop Singapore 738308	Industrial	100	100	44,500	39,000	6.93	7.55
* STANDARD FORM BUILDING	Leasehold	30+30	-	37 Tampines Street 92 Singapore 528885	Industrial	-	100	-	11,500	-	2.23
* 511 YISHUN INDUSTRIAL PARK A	Leasehold	30+29	43 ^(a)	511 Yishun Industrial Park A Singapore 768768	Industrial	100	-	25,800	-	4.02	-
* 513 YISHUN INDUSTRIAL PARK A	Leasehold	30+30	43 ^(a)	513 Yishun Industrial Park A Singapore 768768	Industrial	100	-	6,800	-	1.06	-
								91,100	64,000	14.19	12.40
Self Storage and Warehousing Property ^(b)											
160 KALLANG WAY	Leasehold	60	22 ^(a)	160 Kallang Way Singapore 349246	Self Storage and Warehousing	100	100	24,000	23,000	3.74	4.45
Car Showroom and Workshop Property ^(c)											
23 LORONG 8 TOA PAYOH	Leasehold	30+30	41 ^(a)	23 Lorong 8 Toa Payoh Singapore 319257	Car Showroom and Workshop	100	100	13,000	12,400	2.02	2.40
7 UBI CLOSE	Leasehold	30	13 ^(a)	7 Ubi Close Singapore 408604	Car Showroom and Workshop	100	100	18,800	19,000	2.93	3.68
								31,800	31,400	4.95	6.08
								928,450	874,200	144.61	169.30
								(286,295)	(357,848)	(44.61)	(69.39)
								642,155	516,352	100.00	100.00

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

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

Investment Properties Portfolio Statement
As at 31 December 2010

	2010	2009
At Independent Valuation	At Independent Valuation	At Independent Valuation
£'000	£'000	£'000
	906,450	795,600
	22,000	78,600
	<u>928,450</u>	<u>874,200</u>

As disclosed in the Balance Sheet:

Investment properties – non current
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)
Total investment properties

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.

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

- (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.
- (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.
- (44) 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.

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

(46) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1993 for 511 Yishun and 30+29 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 \$323.1 million (\$390.1 million net of loan prepayments of \$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 \$20.0 million (see Note 8).

Δ 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 \$858.7 million (2009: \$874.2 million) and \$69.8 million (2009: Nil) have been mortgaged as security for term loan facilities granted by Alhambra Pte. Ltd. and National Australia Bank respectively to the Trust (refer to Note 8).

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

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 \$70.8 million and capital expenditure incurred was \$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 \$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 \$928.5 million, giving rise to an increase in value of \$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.

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

Cash Flow Statement
Year ended 31 December 2010

	2010 \$'000	2009 \$'000
Cash flows from operating activities		
Total return before income tax for the year	85,846	(61,139)
Adjustments for:		
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
Operating income before working capital changes	58,890	58,314
Changes in working capital:		
Trade and other receivables	320	(225)
Trade and other payables	937	3,258
Net cash from operating activities	60,147	61,347
Cash flows from investing activities		
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	–
Net cash from investing activities	100	3,210
Cash flows from financing activities		
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)	–
Net cash used in financing activities	(28,487)	(34,252)
Net increase in cash and cash equivalents	31,760	30,305
Cash and cash equivalents at 1 January	39,309	9,004
Cash and cash equivalents at 31 December (Note 6)	71,069	39,309

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

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 \$'000	2009 \$'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.

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

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.

- (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:
- a 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").

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 proviso 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.
- (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.
- (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 \$2.0 million or less, a fee of 3.0% of the construction costs;
 - (b) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
 - (c) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
 - (d) where the construction costs exceed \$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 \$1.0 million or less, a fee of 7.5% of the property tax savings;
 - (b) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and

- (c) where the proposed annual value is more than \$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.

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.

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.

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.

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.

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.

(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
- (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.

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 \$'000	2009 \$'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
	<u>880,187</u>	<u>961,844</u>
Change in fair value during the year	48,263	(87,644)
At 31 December	<u>928,450</u>	<u>874,200</u>
Investment properties (non-current)	906,450	795,600
Investment properties held for divestment (current)	22,000	78,600
	<u>928,450</u>	<u>874,200</u>

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.

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 \$70.8 million and capital expenditure incurred was \$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 \$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 \$928.5 million, giving rise to an increase in value of \$48.3 million during the financial year.

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

5 Trade and other receivables

	2010 \$'000	2009 \$'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
Loans and receivables	577	1,482
Prepayments	372	428
Option fees paid	135	—
	1,084	1,910

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 \$321,000 (2009: \$448,000).

Impairment losses

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

	Gross 2010 \$'000	Impairment losses 2010 \$'000	Gross 2009 \$'000	Impairment losses 2009 \$'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 \$'000	2009 \$'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.

6 Cash and cash equivalents

	2010 \$'000	2009 \$'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 \$9.2 million (2009: \$4.0 million) of the investment properties mortgaged to secure the syndicated term loan facility of \$323.1 million (2009: \$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.

7 Trade and other payables

	2010 \$'000	2009 \$'000
Current liabilities		
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>
Non-current liabilities		
Other payables	367	6,904
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 \$1.1 million (2009: \$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 \$'000	2009 \$'000
Non-current liabilities		
Secured loans	347,499	390,100
Unamortised loan transaction costs	(8,308)	(14,941)
	<u>339,191</u>	<u>375,159</u>

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 \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'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	-	-
			<u>347,499</u>	<u>347,499</u>	<u>390,100</u>	<u>390,100</u>

* Swap Offer Rate.

The nominal interest rate for the S\$ floating rate loan is determined by a 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 \$'000	Contractual cash flows \$'000	Cash flow		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'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)	-	-
	<u>359,046</u>	<u>(383,073)</u>	<u>(30,097)</u>	<u>(352,976)</u>	<u>-</u>
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)	-	-
	<u>400,543</u>	<u>(449,642)</u>	<u>(32,231)</u>	<u>(417,411)</u>	<u>-</u>

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

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 \$323.1 million (2009: \$390.1 million) with a tenor of 3 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 \$390.1 million, consisting of two rated tranches being:

- Tranche A facility with an aggregate principal of \$263.1 million (2009: \$330.1 million) rated AAA; and
- Tranche B facility with an aggregate of \$60.0 million (2009: \$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 \$67.0 million were made to the Syndicated Term Loan Facility, thus reducing the loan amount from \$390.1 million to \$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 \$858.7 million (2009: \$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.

(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 \$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 \$50.0 million ("Acquisition Term Loan Facility") and a revolving credit facility of \$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 \$24.4 million, secured by three investment properties acquired during the year at an aggregate carrying value amounted to \$69.8 million.

9 Units in issue

	2010 Number of units '000	2009 Number of units '000
Units in issue:		
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

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 \$0.392 per unit to third party investors and \$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
- 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	2009
	\$'000	\$'000
Property rental income	74,050	74,136
Other income	160	285
	<u>74,210</u>	<u>74,421</u>

11 Property expenses

	2010	2009
	\$'000	\$'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>

12 Manager's management fees

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

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

13 Trust expenses

	2010	2009
	\$'000	\$'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 \$65,000 (2009: \$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>

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)
	<u>21</u>	<u>86</u>

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	<u>85,825</u>	<u>(61,225)</u>
	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	–
	<u>916,983</u>	<u>824,082</u>

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.

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.

	\$'000	\$'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 \$'000	2009 \$'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' fund. Included in the professional fees are non-audit fees paid/payable to the auditors amounting to \$145,000 (2009: \$ nil).

18 Commitments

(a) Lease commitments

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

	2010 \$'000	2009 \$'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

(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 \$3,262,000 in relation to 21 properties (2009: \$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 \$'000	2009 \$'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.

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 \$'000	2009 \$'000
Cambridge Industrial Trust Management Limited (the Manager)		
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
Issue of preferential units	169	—
Reimbursement due from the Manager	—	348
Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)		
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
RBC Dexia Trust Services Singapore Limited (the Trustee)		
Trustee fees paid and payable	165	165
Antares nabInvest Trust (Related company of the Manager) (Note 1)		
Issuance of preferential units	287	—
Issuance of placement units	—	5,387
Oxley Securities (S) Pte Ltd (Related company of the Manager) (Note 2)		
Issuance of placement units	—	1,049
National Australia Bank Limited (Related company of the Manager) (Note 3)		
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 Ltd ("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") 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%.

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 \$20.0 million in February 2011 to further reduce the outstanding Syndicated Term Loan of \$323.1 million as at 31 December 2010 to \$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 amounts of loans and borrowings as a percentage of total assets was 34.7% (2009: 42.6%).

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.

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 \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Total \$'000
2010				
Financial asset				
Fixed deposits with financial institutions	0.23	650	—	650
Financial liabilities				
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
2009				
Financial asset				
Fixed deposits with financial institutions	0.57	22,000	—	22,000
Financial liabilities				
Interest-bearing borrowings				
- S\$ fixed rate	4.06	—	390,100	390,100

(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 interest rate would increase/(decrease) Unitholders' funds and total return by the amounts shown below:

	Profit or loss		Equity	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
31 December 2010				
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>
31 December 2009				
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.

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 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial liability					
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 \$431.5 million and \$41.4 million respectively, were recalculated as \$396.8 million and \$6.7 million accordingly to enhance comparability and to be consistent with the current year presentation.

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 \$8.1 million (2009: \$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 ¹		
- Expense ratio excluding performance-related fee	1.13	1.15
- Expense ratio including performance-related fee	1.13	1.15
Portfolio turnover rate ²	12.92	1.47

¹ 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.

² 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.

