



FUTURE FOCUSED

 CAMBRIDGE
INDUSTRIAL TRUST

ANNUAL REPORT 2015

MISSION AND VISION

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



CORPORATE INFORMATION

CIT is a Singapore-based industrial real estate investment trust ("REIT"), principally investing directly or indirectly in income-producing real estate and real estate related assets, which are used primarily for industrial, warehousing and logistic purposes.

CIT was constituted on 31 March 2006 under a trust deed (as amended), entered into between Cambridge Industrial Trust Management Limited ("CITM" or "the Manager") and RBC Investor Services Trust Singapore Limited ("the Trustee"). CIT was officially listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 July 2006 (the "Listing Date") and had a market capitalisation of \$733.2 million as at 31 December 2015.

Since the Listing Date, CIT has grown its initial portfolio of 27 properties to a portfolio comprising 51 properties ("the Properties") located across Singapore, with a total gross floor area ("GFA") of 8.5 million square feet ("sq ft") and a property value of \$1.42 billion as at 31 December 2015.

The Properties range from logistics, warehousing, light industrial, general industrial, car showroom and workshop to business park properties, and are located close to major transportation hubs and key industrial zones island-wide.

The Manager's objective is to provide Unitholders with a secure and stable distribution and achieve long-term

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growth in net asset value ("NAV") per unit through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Pro-active asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management

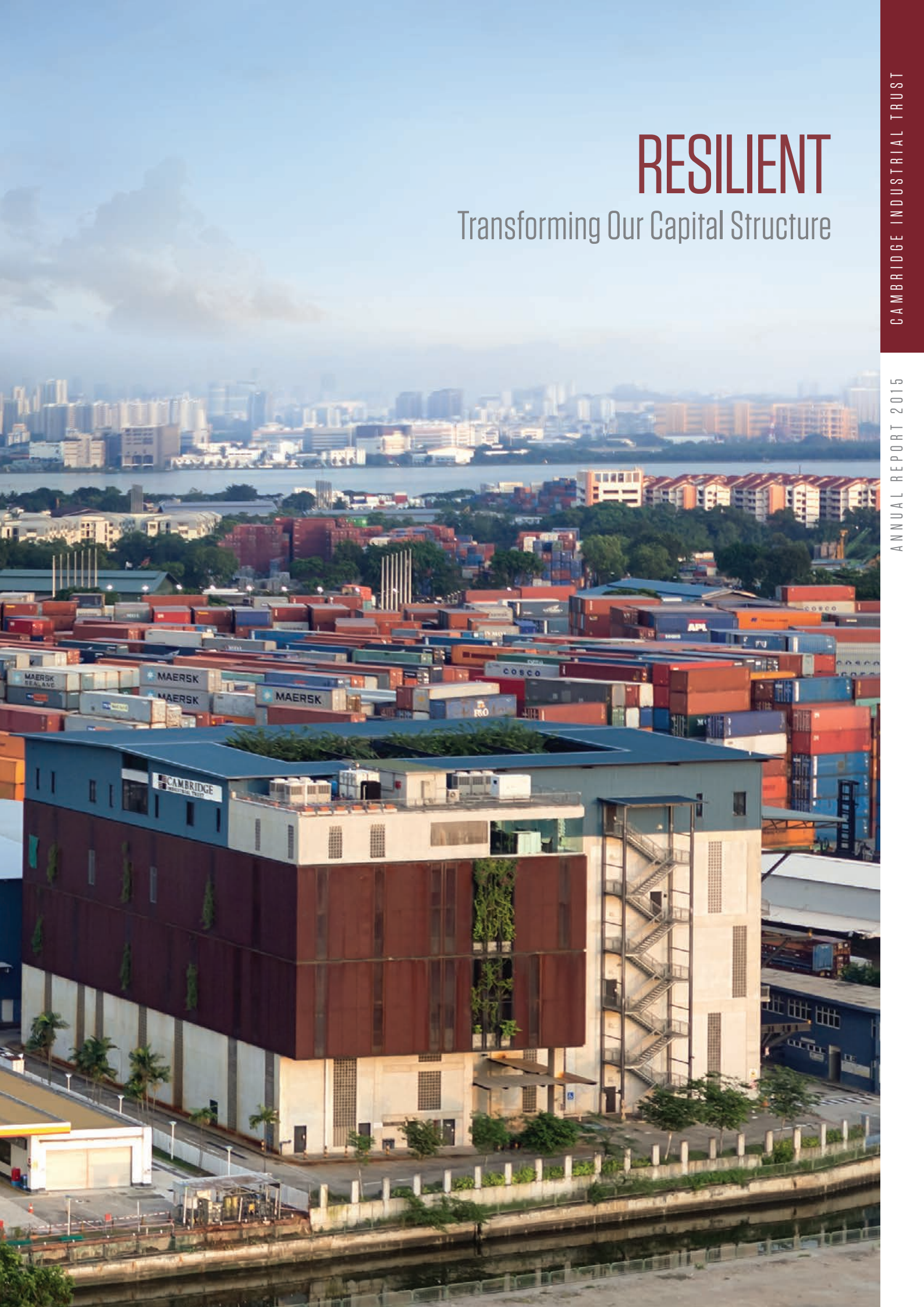
CIT has a credit rating of BBB-/Stable/-- which was assigned by Standard & Poor's ("S&P") on 27 August 2009 and has been reaffirmed annually since 2011, with the latest being on 28 May 2015. Moody's Investors Service ("Moody's") assigned an issuer rating of Baa3 to CIT and provisional Baa3 rating to its Medium Term Notes ("MTN") programme.

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15 Jurong Port Road





RESILIENT

Transforming Our Capital Structure

CHAIRMAN'S & CHIEF EXECUTIVE OFFICER'S JOINT MESSAGE

LETTER TO UNITHOLDERS



DR CHUA YONG HAI

Chairman and Independent
Non-Executive Director



MR PHILIP LEVINSON

Chief Executive Officer ("CEO")
and Executive Director

CIT DEMONSTRATED BUSINESS RESILIENCE IN FY2015

Dear Unitholders,

On behalf of the Board of Directors of CITM, we are pleased to present CIT's FY2015 Annual Report for the year ended 31 December 2015 ("FY2015").

Challenging Times

FY2015 was a difficult year for CIT. We were faced with a highly competitive industry environment and slow economic growth in Singapore. The competition in asset leasing and acquisitions in the industrial real estate sector was especially intense.

Despite these challenges, we are pleased to report that as a result of the Manager's strategy and clear focus on the key result areas of asset management and capital management, CIT demonstrated business resilience and recorded a set of steady financial results. In FY2015, over one million square feet of CIT's space was renewed at a positive weighted rental reversion of 9.1%, with portfolio occupancy of 94.3%, well above JTC's industry average. Given the challenging nature of identifying suitable acquisitions in Singapore, we retained a disciplined approach and only acquired \$27.2 million worth of yield accretive assets in FY2015, bringing CIT's portfolio to 51 properties.

Our succession planning strategy continued its smooth transition. We appointed a new Chief Operating Officer and Chief Financial Officer ("COO and CFO"), Mr Shane Hagan, in January 2016 who has further built on the strong platform established by his predecessor. Our sincere thanks must go to Mr Hagan's predecessor, Mr David Mason for his six years of service and significant contributions to CIT.

With another challenging year ahead of us, we remain focused steadfastly on our mission of providing CIT Unitholders with a stable and secure income stream, through prudent capital management and proactive asset management, with the intention of delivering long-term capital growth.

Resilient Financial Performance

Gross total revenue for the year was up 13.0% to \$112.2 million and net property income ("NPI") increased by 10.7% to \$86.2 million. Distribution per Unit ("DPU") for FY2015 stood at 4.793 cents. Although DPU was down year-on-year ("y-o-y"), it reflected a better quality of earnings, as the Manager reduced the amount of distributions from capital sources and in Q4 2015, management fees were paid in cash as opposed to a combination of cash and units in previous quarters. Adjusting for capital distributions and fees paid in units, the core DPU grew y-o-y.

The take-up rate for CIT's Distribution Reinvestment Plan ("DRP") continued to be consistent and favourable at approximately 24% take up for the full year. The DRP is a very important funding mechanism for REITs and it has allowed CIT to reduce the amount of cash paid out as distributions and increase capital availability for ongoing capital expenditure requirements. CIT's balance sheet thus remains strong with gearing currently within the midpoint of our target range of 30% to 40%, providing some debt headroom to support any acquisition and asset enhancement initiatives ("AEIs").

As at 31 December 2015, CIT's total investment properties were valued at \$1.42 billion compared to \$1.37 billion last year. Investment property valuations on a same store basis were largely unchanged over the previous year after taking into account capital expenditure spent during the year. This was largely due to the resilience of CIT's underlying

CHAIRMAN'S & CHIEF EXECUTIVE OFFICER'S JOINT MESSAGE

LETTER TO UNITHOLDERS

property fundamentals. Portfolio occupancy remained stable with an average security deposit equivalent to 8.8 months of rent. CIT's top ten tenants accounted for 35.1% of the rental income, down from 37.3% a year ago. The weighted average lease expiry ("WALE") remains healthy at 3.8 years.

Our focus on maintaining a robust capital management strategy was one of the highlights in FY2015. In the light of potential interest rate volatility due to the impending cessation of the US Federal Reserve's quantitative easing programme, the Manager implemented measures to minimise CIT's exposure to interest rates and ensure that future distributions to Unitholders would not be materially impacted. As a result of these efforts, as at 31 December 2015, almost 98% of CIT's interest rate exposure was fixed for the next three years.

We also refinanced CIT's \$250 million Club Loan Facility, using the proceeds from the MTN programme and a new unsecured bilateral loan facility. Following this refinancing, the unencumbered investment properties in CIT's portfolio are in excess of \$1.1 billion. With approximately 80% of assets free from any mortgages to banks, CIT is able to enjoy financial flexibility that is favourably viewed by investors and rating agencies alike, obtaining BBB- rating by S&P and Baa3 rating by Moody's.

As a result of our proactive capital management, in FY2015 the Manager was recognised as the Highly Commended Winner for Best Financing Solution at the Adam Smith Asia Awards 2015, organised by Treasury Today Asia.

Operations

The Manager continued to execute its strategy around key areas identified in the 2014 comprehensive strategic review of operations. We also actively managed the conversion of three properties from single-tenanted (including master-leased) to multi-tenanted, bringing our number of tenants to 187. All these initiatives significantly diversified our tenant mix and lessened the impact on CIT's portfolio from any single tenant.

During the year CIT acquired assets for a total consideration of \$27.2 million. Our AEs continued with the completion of 3 Pioneer Sector 3 (Phase II), 21B Senoko Loop (Phase I) and 31 Changi South Avenue 2. A number of additional properties are under review for AEs in FY2016.

Performance Fees

Under the terms of the original CIT Trust Deed, the Manager was entitled to charge a performance fee

if CIT's performance exceeded the performance of an index of Singapore REITs over the same period. At previous Annual General Meetings and various other forums, Unitholders had expressed concern that this formula for calculating performance fees was complex, difficult to understand and not necessarily transparent.

At an Extraordinary General Meeting ("EGM") held in 2015, the Manager addressed Unitholders' concerns by proposing two resolutions that changed the way in which performance fees were calculated to the benefit of Unitholders. The first resolution was passed as an extraordinary resolution and now the performance fee calculation will be based on the widely accepted DPU growth model. The second extraordinary resolution sought to amend the formula for calculating the issue price of units issued in lieu of cash payment of any performance fee and to align it with market practice. As Unitholders did not support this proposed change, any units that would be issued in future as payment of any performance fee will likely be issued based on the gross asset value of CIT.

Corporate Social Responsibility and Sustainability

The Manager recognises that the business and operations of CIT have a long-term impact on the environment and the community. We also believe that focusing on sustainability is not only the right thing to do but it also benefits our business in the long term. One ongoing sustainability initiative that we have focused on is installing solar panels on our properties. To date we have eight properties with solar installations that produced a total of 741.25 MWh of power in 2015. All our team members have also been actively involved in improving the lives of the underprivileged through a series of outreach programmes such as Children's Wishing Well, in partnership with the Student Advisory Centre.

We are pleased to release our very first sustainability report in 2016, which will only be available in electronic form on our website, in keeping with our sustainability and green efforts.

Outlook for FY2016

Figures released by the Ministry of Trade and Industry ("MTI") in February 2015 illustrated that Singapore's economy grew modestly 2.1% y-o-y in FY2015. Economic growth is expected to come from domestically-oriented sectors such as business services sectors. Subdued global economic conditions and prolonged weakness in commodity prices are expected to continue to weigh on the manufacturing sector. MTI expects Singapore's economy to grow by 1.0% to 3.0% in 2016.

CHAIRMAN'S & CHIEF EXECUTIVE OFFICER'S JOINT MESSAGE

LETTER TO UNITHOLDERS

With this outlook, Singapore's industrial sector is expected to continue to face challenges in 2016 as the pressures from the economic restructuring and changes of government policies continue to weigh in on sentiment.

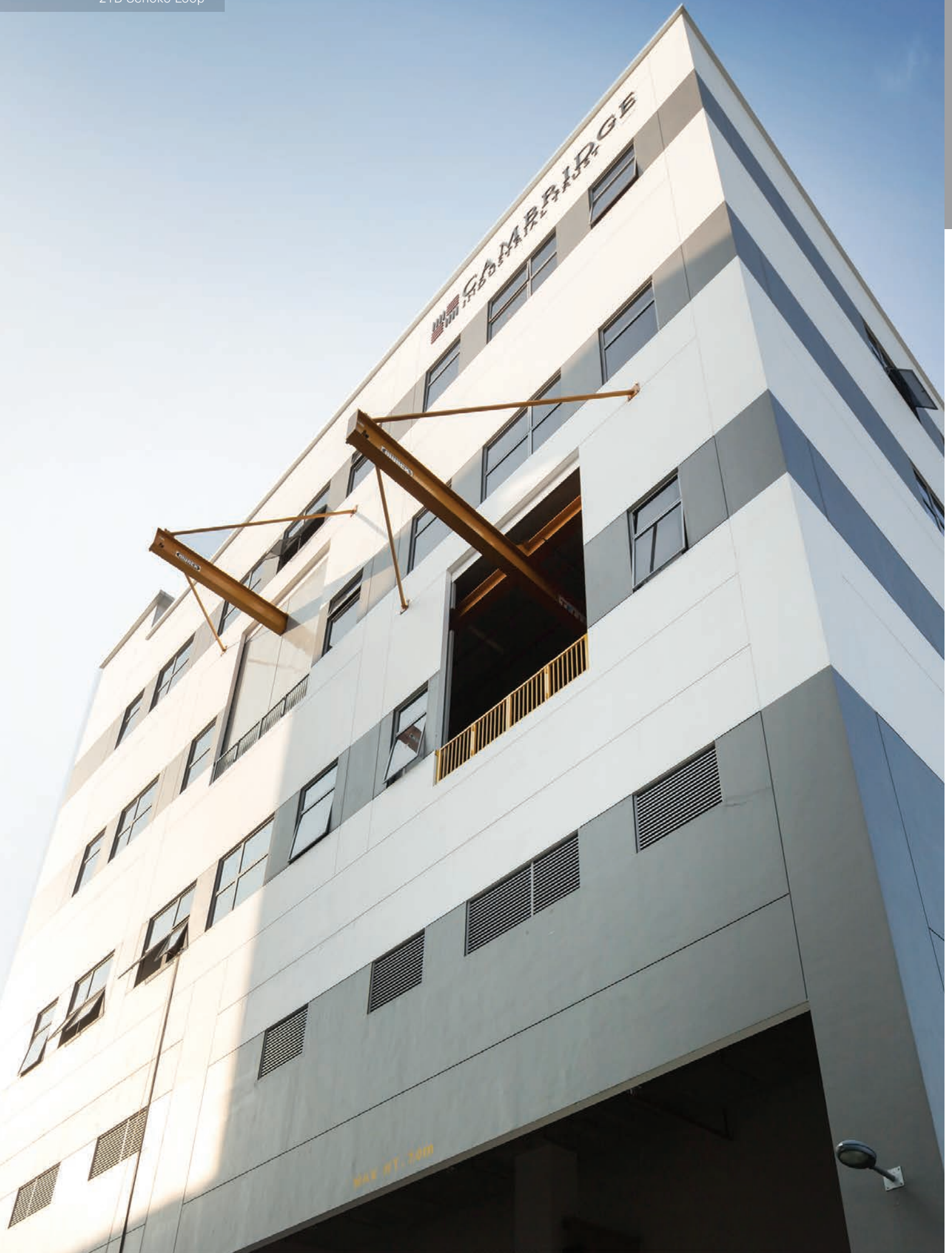
Acknowledgements

On behalf of the Board, we would like to thank all our key stakeholders including our Trustee and bankers for their continued support. Special appreciation goes to our tenants. Without them the ongoing stability and growth of CIT would not have been possible. A sincere "Thank You" also goes to the management team and the

entire staff, for their continued unwavering dedication and enthusiasm. They have been instrumental to the successful implementation of our asset management and capital management strategies.

Finally, the confidence and support shown by Unitholders for the Board and the Manager are sincerely appreciated. On behalf of the Board, we again look forward to your attendance and active participation at CIT's upcoming Annual General Meeting ("AGM") which will be held on 28 April 2016.

21B Senoko Loop



FINANCIAL HIGHLIGHTS

	2015	2014	2013
Balance Sheet			
Total assets (\$ million)	1,430.9	1,380.5	1,260.9
Total net borrowings (\$ million)	525.3	475.4	354.9
Unitholders' funds (\$ million)	872.9	866.3	861.5
Key Financial Ratios			
Net asset value per Unit (cents)	67.3	68.1	69.5
Gearing ratio (%) ¹	36.9	34.8	28.7
Weighted average effective interest rate (p.a.) (%)	3.7	3.7	3.9
Interest cover (times) ²	4.0	5.2	5.6
Capital Management			
Total loan facilities available (\$ million)	565.0	570.0	440.0
Gross borrowings drawn down (\$ million)	528.5	480.0	362.2
Units in issue (million)	1,297.8	1,271.5	1,239.3
Market capitalisation (\$ million) ³	733.2	864.6	855.1
Trading Statistics			
Opening price	\$0.680	\$0.695	\$0.675
Highest price	\$0.725	\$0.785	\$0.860
Lowest price	\$0.530	\$0.665	\$0.640
Closing price	\$0.565	\$0.680	\$0.690
Volume weighted average price	\$0.66	\$0.72	\$0.73
Total volume traded (in million units)	333.91	558.66	694.86
Average volume per day (in million units)	1.35	2.22	2.77
Unit Price Performance ⁴	-10.5%	8.1%	9.5%

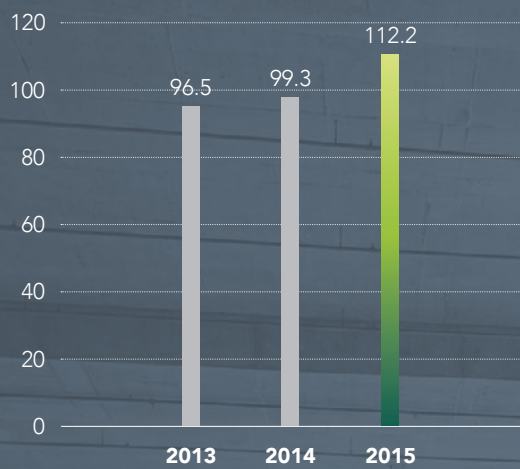
Notes:

- 1 Computed based on gross borrowings over total assets.
- 2 Computed based on EBITDA excluding gain on disposal of investment properties, changes in fair value of investment properties and financial derivatives, divided by interest expenses.
- 3 Computed based on closing price and units in issue at the end of financial year.
- 4 Performance is calculated on the change in unit price for the year plus distributions paid, which are assumed to be reinvested at the closing price on the ex-distribution dates.

FINANCIAL HIGHLIGHTS

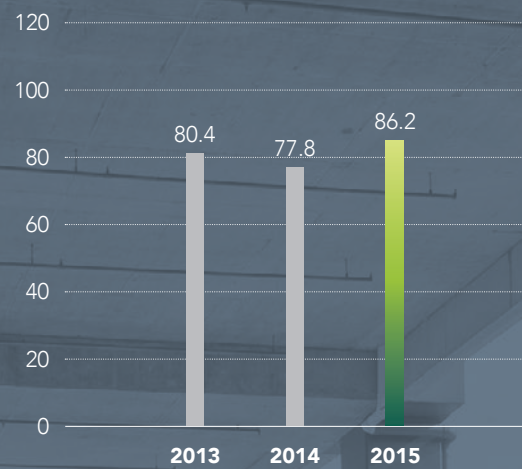
Gross Revenue
(\$ Million)

↑
13.0%



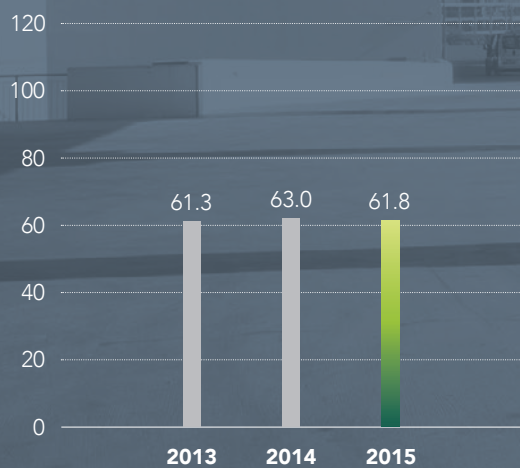
Net Property Income
(\$ Million)

↑
10.7%



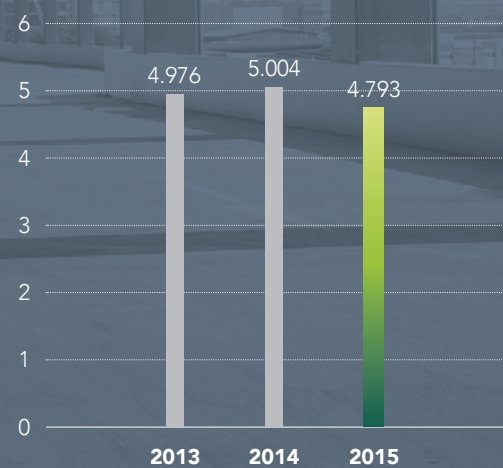
Total Distributable Income
(\$ Million)

↓
1.9%



Distribution Per Unit
(Cents)

↓
4.2%



YEAR IN BRIEF

2015

→ JANUARY |

16 January 2015

Announced a DPU of 5.004 cents for FY2014.

21 January 2015

Completed a \$55 million secondary issuance of MTN Series 003. The issuance was 1.4 times subscribed and institutional investors took 99% of the issuance.

→ FEBRUARY |

27 February 2015

Issued and listed units at an issue price of \$0.6669 per unit under the DRP for 4Q2014. The take-up rate was around 30%.

→ MARCH |

20 March 2015

Completed the acquisition of the remaining 40% partnership interest in Cambridge SPV1 LLP ("Cambridge LLP Acquisition") from Oxley Projects Pte Ltd for a purchase consideration of approximately \$11.0 million.

→ APRIL |

22 April 2015

Announced a DPU of 1.225 cents for 1Q2015.

| MAY ←

07 May 2015

S&P assigned "BBB-" investment grade rating on CIT's MTN programme and all its outstanding MTN series.

13 May 2015

Completed the acquisition of 160A Gul Circle at a purchase consideration of \$16.2 million (excluding upfront land premium of \$2.9 million). The property comprises a single-storey factory and a newly completed four-storey factory.

On the same day, priced \$130 million 5-year MTN at 3.95%. The issuance was more than 2 times subscribed and institutional investors took 91% of the issuance.

28 May 2015

S&P reaffirmed CIT's long term credit rating of BBB-/Stable/--.

| JUNE ←

10 June 2015

Issued and listed units at an issue price of \$0.6886 per unit under the DRP for 1Q2015. The take-up rate was around 33%.

CIT completed refinancing of \$250 million Club Loan. At the point of refinancing, unencumbered properties were in excess of \$1.1 billion, weighted average debt expiry lengthened to 3.8 years and all-in cost of debt is stable at 3.69% p.a.



YEAR IN BRIEF



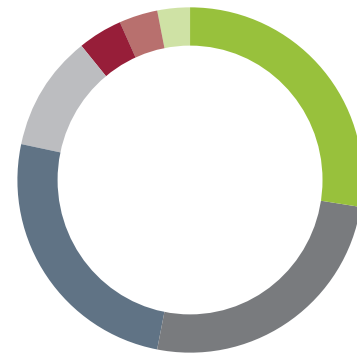
MANAGER'S REPORT

In FY2015, the Manager achieved a double-digit increase in CIT's portfolio NPI as compared to the prior year, demonstrating resilience despite the difficult operating environment. Growing the business in the light of an increasingly competitive industrial property landscape became challenging, as finding accretive acquisitions in Singapore became difficult. Nevertheless, CIT acquired one new property and completed the Cambridge LLP Acquisition, for a total consideration of \$27.2 million. The 51 properties in CIT's portfolio preserved their asset value, which stood at \$1.42 billion at 31 December 2015. Portfolio occupancy was 94.3% as at 31 December 2015 which is well above JTC's average industrial market occupancy of 90.6%¹.

The Manager continued to proactively manage lease expiries and improve the tenant mix to strengthen CIT's portfolio. During FY2015, the Manager renewed more than 1 million sq ft of space, with a pleasing weighted average rental reversion of 9.1%. With a diversified tenant base of 187 tenants, the top 10 tenants accounted for approximately 35.1% of rental income as at 31 December 2015. The WALE stood at 3.8 years, and the average portfolio rent was \$1.27 psf per month as at 31 December 2015.

Tenant Classification Main Trade Sectors

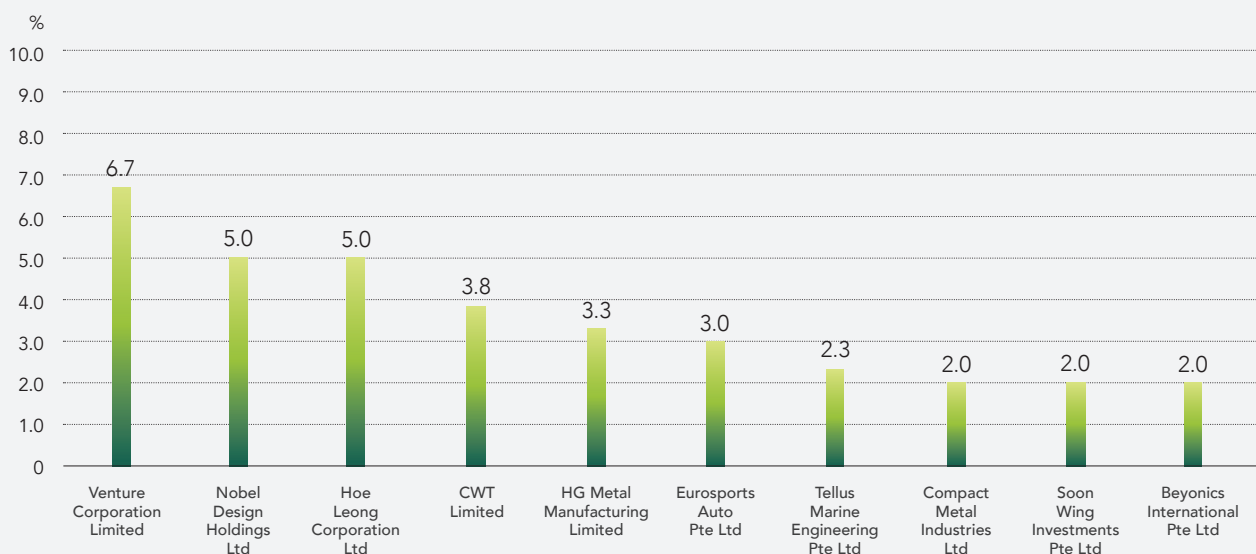
As at 31 December 2015



Wholesale, Retail Trade Services and Others	27.6%
Transportation and Storage	25.6%
Manufacturing	25.4%
Professional, Scientific and Technical Activities	10.8%
Construction	4.2%
Other Services	3.4%
Precision Engineering	3.0%

Top Tenants Account for 35.1% Rental Income

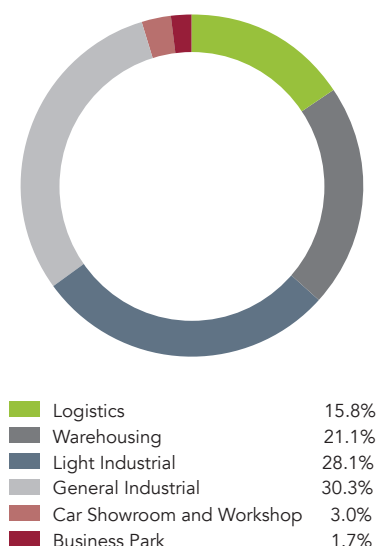
As at 31 December 2015



1 JTC 4th quarter market report (%).

MANAGER'S REPORT

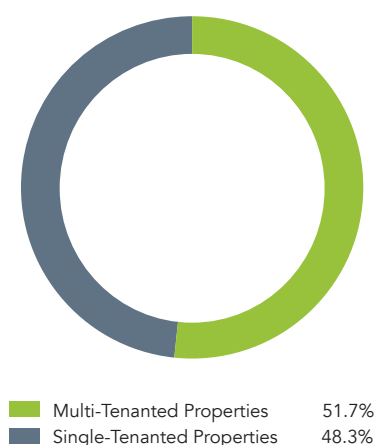
**Diversified Portfolio
Asset Class by Rental Income**



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

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

**Single-Tenanted vs Multi-Tenanted
by Rental Income**



Acquisition of value-add properties

On 20 March 2015, CIT completed the Cambridge LLP Acquisition, which holds the property at 3 Tuas South Avenue 4, for a purchase consideration of approximately \$11.0 million. The property is a purpose-built, three-storey warehouse, manufacturing and distribution facility in a prime industrial location as part of Tuas Biomedical Park, with an opportunity to add an additional bespoke building with built-up area of approximately 204,000 sq ft. The remaining land tenure of the site is about 43 years and remaining tenure of the tenant's lease is about 22 years.

On 13 May 2015, CIT completed the acquisition of 160A Gul Circle for a purchase consideration of approximately \$16.2 million (excluding land premium of \$2.9 million). The property comprises a single-storey factory and a newly completed four-storey factory with a total GFA of approximately 86,079 sq ft, with a remaining land tenure of approximately 24 years. The property is leased to Unicable Pte Ltd for five years.

Proactive Asset Management

In March 2015, CIT completed Phase II of the AEI at 3 Pioneer Sector 3, which included the extension of the new ramp (from Phase I) to a new connecting driveway that leads to the existing building. This enhancement transformed the 716,000 sq ft property into a fully integrated "ramp-up" warehouse with 21 additional loading docks. The façade of the building was also revamped. For the internal areas, the passenger lift was replaced and all toilets and common areas were upgraded including the addition of a new guardhouse.

Also in March 2015, CIT completed Phase I AEI for 21B Senoko Loop, which included the construction of additional floors to the existing four-storey workers' dormitory, and replacement of both the passenger and cargo lifts with new units. As a result, the head tenant, Tellus Marine Engineering Pte Ltd extended its lease for a further 10 years from March 2016.

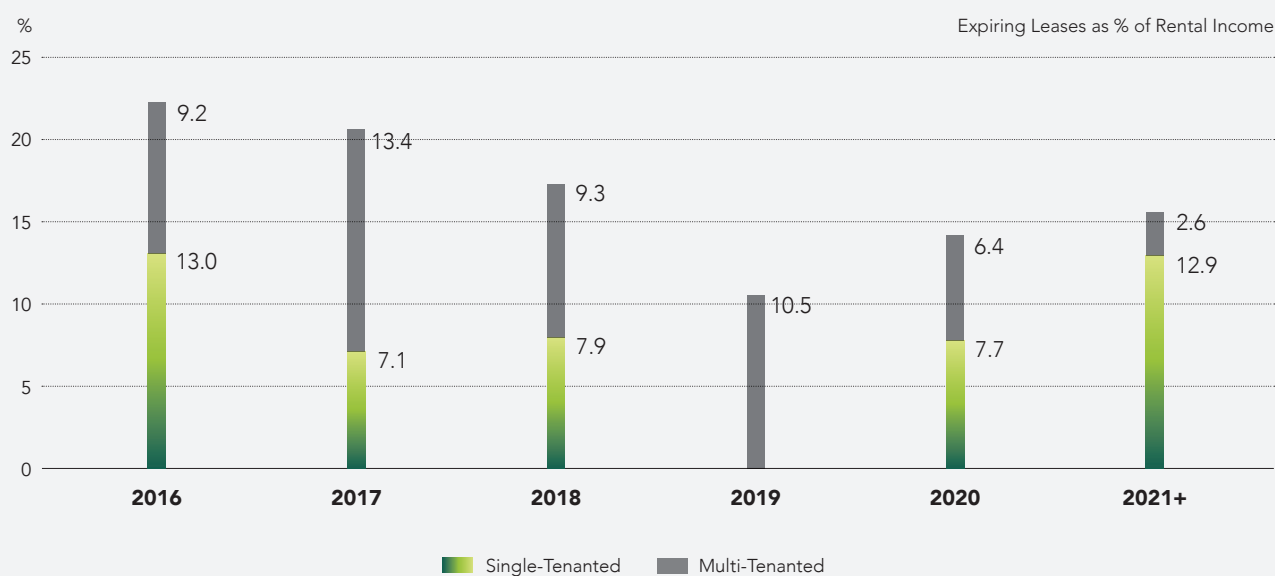
The AEI for 31 Changi South Avenue 2 was completed on 16 April 2015. The AEI works included the extension of 1 floor of additional production space and installation of a new cargo lift. The head tenant Presscrete Engineering Pte Ltd, subsequently extended its lease for a further five years.

MANAGER'S REPORT

Proactive Lease Management

WALE remains steady at 3.8 years as at 31 December 2015.

WALE for new and renewal leases entered during the year is 3.7 years. Such leases represented approximately 15% of total portfolio income as at 31 December 2015.



In FY2015 CIT also initiated an AEI to improve the overall building infrastructure at 86 International Road. It is on target to be completed in the first quarter of 2016 (TOP was obtained on 28 Jan 2016). The head tenant, Gliderol Doors Pte Ltd, extended its existing lease expiring in 2018 for a further 10 years.

A summary of the FY2015 acquisitions and AEIs can be found in the table below:

Acquisitions	GFA (Sq ft)	Completion	Purchase Price (\$ million)
3 Tuas South Avenue 4 (40% remaining interest in Cambridge SPV1 LLP, that owns 3 Tuas South Avenue 4)	–	20 March 2015	11.0
160A Gul Circle	86,079	13 May 2015	16.2*
Total for 2015	86,079		27.2

* Excluding upfront land premium of \$2.9 million.

MANAGER'S REPORT

AEIs/Development	Add'l GFA (Sq ft)	Completion	Development Cost (\$ million)
21B Senoko Loop (Phase I)	27,057	16 March 2015	12.8
3 Pioneer Sector 3 (Phase II)	–	27 March 2015	12.4
31 Changi South Avenue 2	9,052	16 April 2015	1.5
86 International Road	–	1Q2016	2.2
Total for FY2015	36,109		28.9

Prudent Capital and Risk Management

FY2015 was a transformational year for CIT's capital management structure. Continuing the momentum built over the previous years, in FY2015 the Manager further reduced the dependency on secured loans and

diversified the Trust's debt maturity profile through the use of unsecured loan sources. The enhanced capital management indicators for CIT in 2015 are shown in the table below:

Key Capital Management Indicators

As at 31 December 2015	
Total Debt (\$ million)	528.5
Gearing Ratio (%)	36.9
All-in Cost p.a. (%)	3.7
Weighted Average Debt Expiry (years)	3.2
Interest Coverage Ratio	4.0
Interest Rate Exposure Fixed (%)	97.4
Proportion of Unencumbered Investment Properties (%)	82.6
Available Committed Facilities (\$ million)	36.5

Singapore benchmark interest rates have started to normalise. In the light of impending interest rate hikes by the US Federal Reserve, the Manager opted to fix almost all of CIT's interest rate exposure, providing stability of distributions to Unitholders.

As at 31 December 2015, 97.4% of CIT's interest rate exposure was fixed for the next 3.0 years. The Manager continues to monitor the macro interest rate environment and will employ suitable risk management strategies to ensure Unitholders' distributions are not materially impacted.

Key Capital Management Activities

In January 2015, CIT completed a secondary issuance of \$55 million of the previously issued four-year MTN due in November 2018, bearing a coupon yield of 3.5%. The issuance was well subscribed with the bulk of the issuance being picked up by institutional investors. The

proceeds were used to retire the \$50 million MTN that expired in March 2015 and to fund general working capital needs.

In May 2015, the Manager's proactive engagement with S&P on the refinancing plans for CIT resulted in S&P being assigned a "BBB-" rating on the MTN programme and all its outstanding MTN series. In the same month, CIT priced and issued a \$130 million five-year MTN, bearing a coupon yield of 3.95%. The issuance was more than two times subscribed. The proceeds were used to partially refinance the Club Loan Facility.

The refinancing of the \$250 million Club Loan Facility was completed by the end of June, using the proceeds from the MTN and a new unsecured bilateral loan facility. Following this refinancing, unencumbered investment properties are in excess of \$1.1 billion and there will be no major refinancing requirements until FY2017.

MANAGER'S REPORT



In November 2015, CITM was recognised as the Highly Commended Winner for Best Financing Solution at the Adam Smith Asia Awards 2015, organised by Treasury Today Asia. The Adam Smith Awards are the benchmark of best practice and innovation in treasury management and the award was a testament to the Manager's proactive engagement with credit analysts, investors and financing partners. In the same month, Moody's assigned a Baa3 rating on CIT and all its outstanding MTN series. A provisional Baa3 senior unsecured rating was also assigned to CIT's MTN programme.

In December 2015, the Manager refinanced the \$11.7 million Term Loan Facility due in March 2016. With the completion of the refinancing, CIT now has no refinancing requirements until FY2017 and has increased the proportion of unencumbered investment properties to approximately 83%.

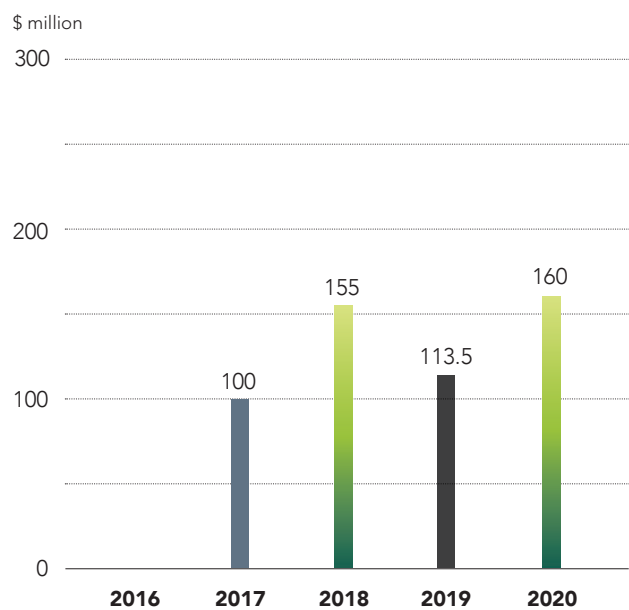
In FY2015, CIT continued to experience encouraging take-up rates in its DRP. DRP allows existing Unitholders to elect to receive their distribution in units. CIT successfully completed four quarters of the DRP exercise in FY2015 with average take-up rates of 24%.

All-in-all, the capital markets activities conducted in FY2015 strengthened the Trust's capital structure and reduced the dependency on secured loans. CIT's debt maturity profile is now more diversified, reducing refinancing risks in the coming financial years.

Debt Profile

As at 31 December 2015, CIT's gearing ratio was 36.9% which is in line with its long term target range of 30% to 40%. The debt maturity profile of CIT is as follows:

Diversified Debt Maturity Profile



■ MTNs
■ Secured Term Loans
■ Unsecured Term Loan

MANAGER'S REPORT

Stakeholder Engagement

CIT is committed to effective and transparent stakeholder engagement. We adopt proactive communication with investors, analysts, media, Unitholders, clients, partners and the entire stakeholder community.

Investor Relations

The Manager has a dedicated investor relations team that conducts a comprehensive investor relations programme guided by three main principles:

- **Efficiency:** We use communications technologies to convey messages to all stakeholders. We are committed to disseminate all material information that would reasonably be required to make an informed decision about investment in CIT's securities in a fair, timely and cost-efficient manner.
- **Transparency:** We are committed to open and transparent communication with all stakeholders. We promote investor confidence by ensuring that all market-sensitive information is released to the market in a timely manner.
- **Clarity:** We communicate with stakeholders in clear language that avoids unnecessary jargon and provides maximum understanding of our messages.

CIT's financial results are announced four times a year and the announcement materials are uploaded on SGXNET as well as on our website. The management team also holds media and analysts briefings twice a year, following CIT's half-year and full-year financial results.

CIT's 6th AGM was held on 24 April 2015 and was attended by more than 200 Unitholders. Unitholders were able to ask questions and give feedback to the management team and the Board of Directors at the open dialogue session following the formal proceedings.

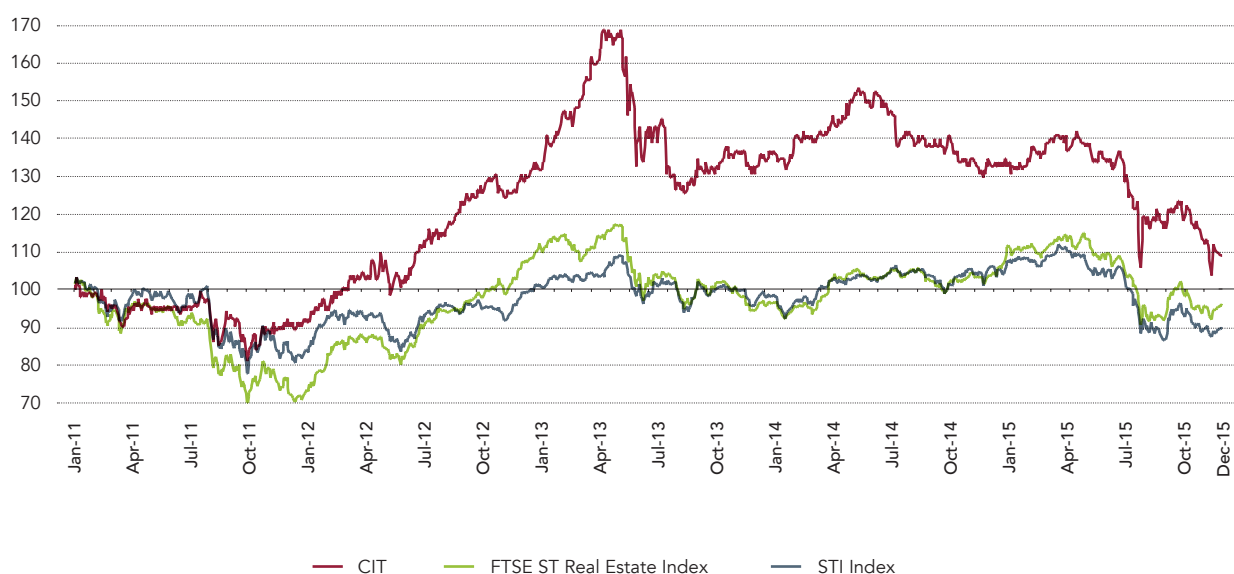
In 2015 we held close to 200 briefings with analysts and institutional investors in Singapore, Hong Kong, Malaysia, Australia, China, Japan and Europe. These engagements included one-on-one meetings, group briefings and property tours.

Tenant and Partner Engagement

In 2015 the Manager continued with our proactive Tenant Engagement Programme, which includes regular annual events such as movie nights, educational seminars and festive gatherings. Our second annual Tenant Movie Night in November 2015 was attended by more than 300 representatives of our tenant community. We also organise educational seminars related to industry topics of relevance to our tenants in regular intervals. These events serve as a platform to foster closer relationships with the management team and give us an in-depth understanding of tenants needs in an ever-changing landscape.

Five-year CIT Unit Price Performance

(Rebased to 100 as at January 2011)



MANAGER'S REPORT

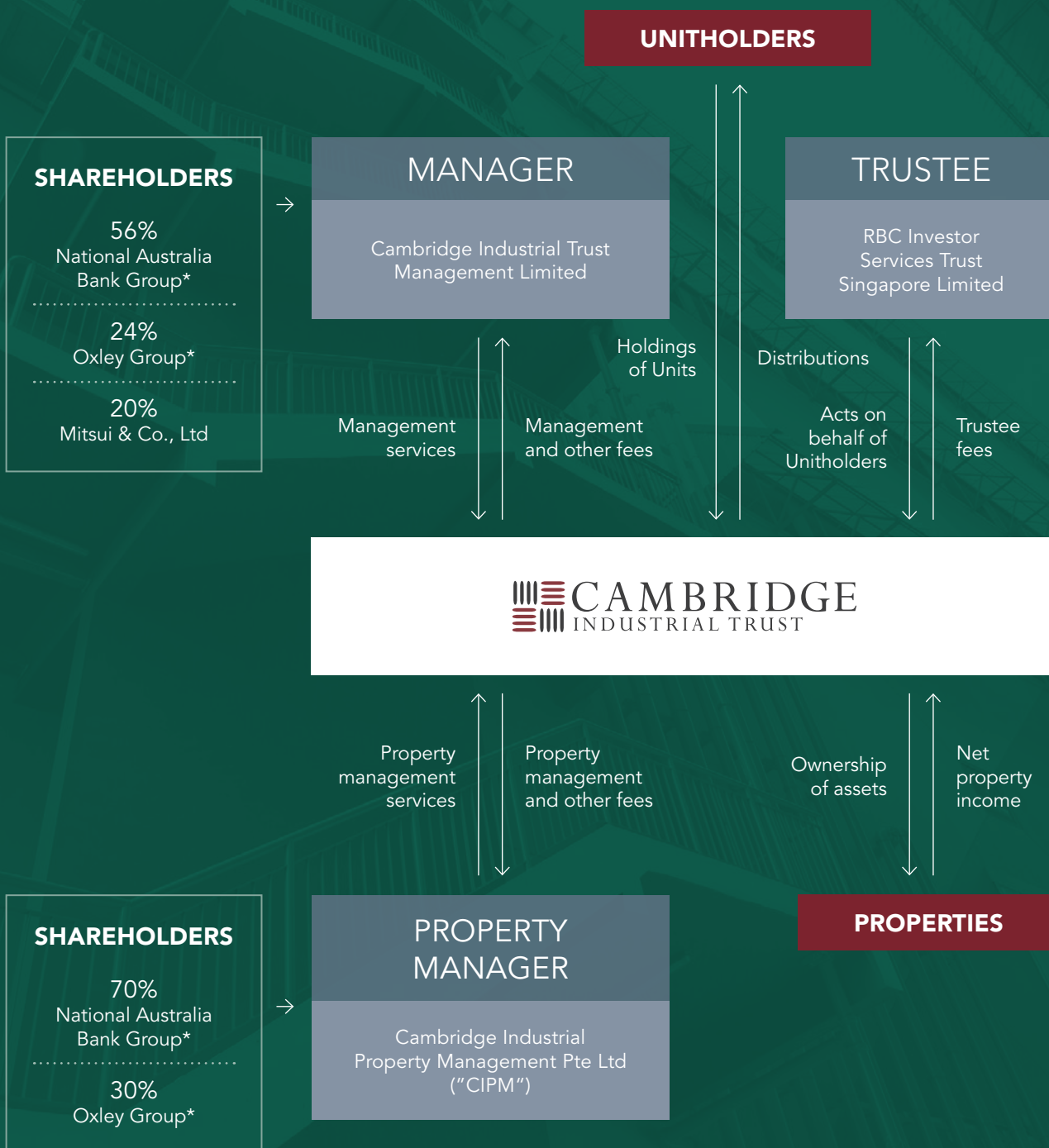
Analyst Coverage

Research House	Analyst
CIMB	Lock Mun Yee
CLSA	Wong Yew Kiang
Daiwa	David Lum
DBS	Derek Tan

Key Indices that include CIT

Dow Jones Global Index	MSCI ACWI SMALL CAP
Dow Jones Global Total Stock Market Index	MSCI EAFE IMI
FTSE Global Small Cap Index	MSCI EAFE SMALL CAP
FTSE Singapore Small Cap Index	MSCI EAFE SMALL/INDUSTRIAL REIT
FTSE ST Small Cap Index	MSCI FAR EAST IMI
GPR General (World) Index	MSCI FAR EAST SMALL CAP
GPR General ex-US Index	MSCI PACIFIC ex JAPAN IMI
GPR General Far East ex-Japan Index	MSCI PACIFIC ex JAPAN SMALL CAP
GPR General Far East Index	MSCI PACIFIC IMI
GPR General Quoted (World) Index	MSCI PACIFIC SMALL CAP
GPR General Quoted ex-US Index	MSCI SINGAPORE ALL CAP
GPR General Quoted Far East ex-Japan Index	MSCI SINGAPORE IMI
GPR General Quoted Far East Index	MSCI SINGAPORE IMI CORE RE EQUAL WEIGHTED
GPR General Quoted Singapore Index	MSCI SINGAPORE SMALL CAP
GPR General Singapore Index	MSCI SOUTH EAST ASIA IMI
MSCI AC ASIA ex JAPAN IMI	MSCI SOUTH EAST ASIA SMALL CAP
MSCI AC ASIA ex JAPAN SMALL CAP	MSCI WORLD IMI
MSCI AC ASIA exJP IMI/INDUSTRIAL REIT	MSCI WORLD SMALL CAP
MSCI AC ASIA IMI	S&P GIVI Global Index (US Dollar)
MSCI AC ASIA PACIFIC ex JAPAN IMI	S&P Global BMI (US Dollar)
MSCI AC ASIA PACIFIC ex JAPAN SMALL CAP	S&P Global REIT (USD)
MSCI AC ASIA PACIFIC IMI	TR/GPR/APREA Composite Index
MSCI AC ASIA PACIFIC SMALL CAP	TR/GPR/APREA Composite REIT Index
MSCI AC ASIA SMALL CAP	TR/GPR/APREA Composite REIT Singapore Index
MSCI AC FAR EAST IMI	TR/GPR/APREA Composite Singapore Index
MSCI AC FAR EAST SMALL CAP	TR/GPR/APREA Investable REIT 100 Index
MSCI AC FE exJP IMI/INDUSTRIAL REIT	TR/GPR/APREA Investable REIT 100 Singapore Index
MSCI ACWI IMI	

STRUCTURE OF CAMBRIDGE INDUSTRIAL TRUST

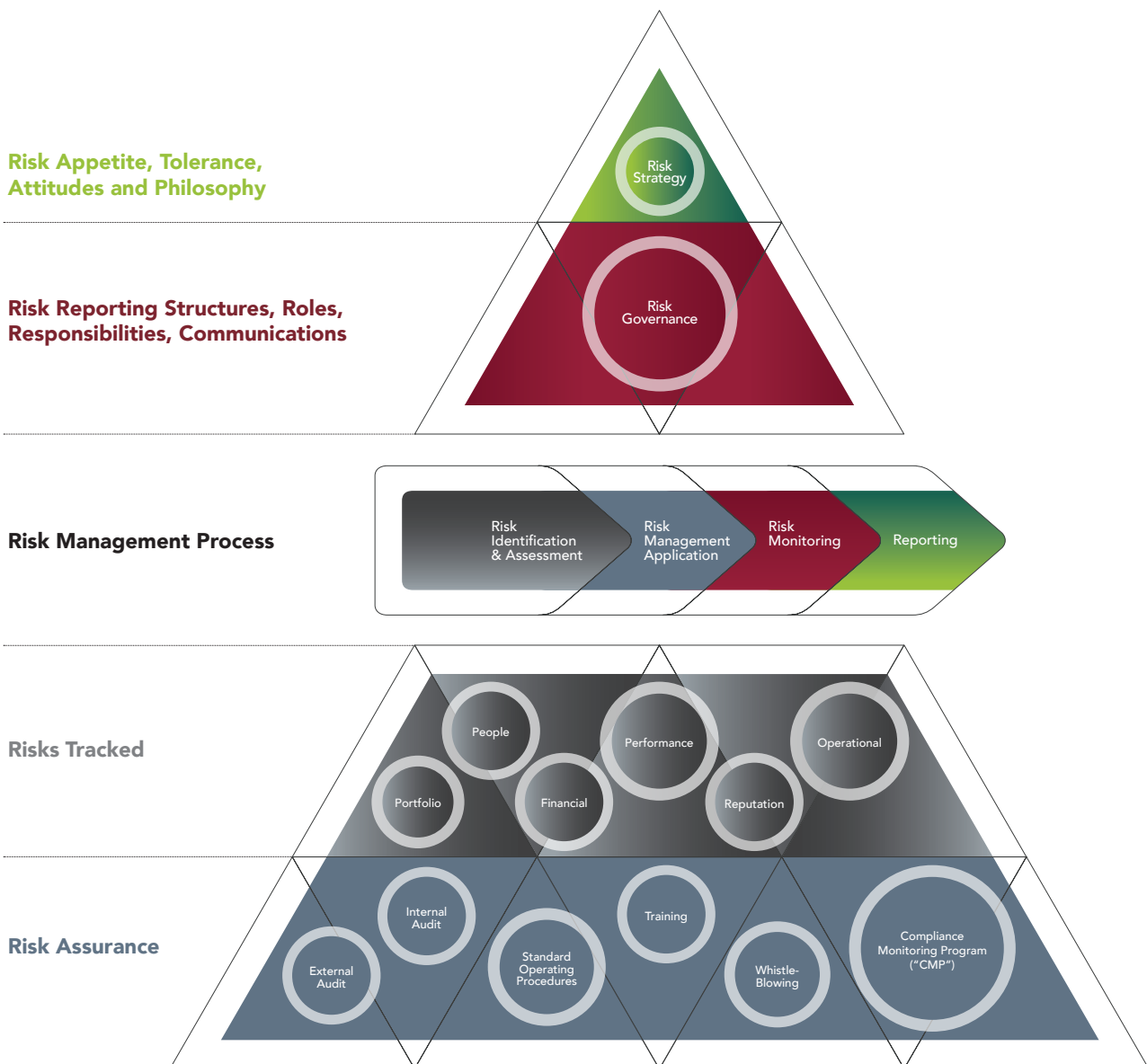


* CITM and CIPM are 80% and 100% owned respectively by Cambridge Real Estate Investment Management Pte Ltd which is indirectly owned by two strategic sponsors, namely, National Australia Bank Group ("NAB") (70%) and Oxley Global Limited (30%).

RISK MANAGEMENT

Proactive and effective risk management is a fundamental part of CITM's business strategy.

CITM recognises that risk management is about opportunities as much as it is about threats. To capitalise on opportunities, CITM has to take risks. Therefore risk management is not about pursuing risk minimisation as a goal but rather about optimising the risk-reward relationship, within known and agreed risk appetite levels. CITM therefore, takes risks in a prudent manner for justifiable business reasons.



RISK MANAGEMENT

Strong Oversight and Governance

The Board of Directors of the Manager has the overall responsibility for governing risks and ensuring that CITM maintains a sound risk management system and internal controls to safeguard Unitholders' interests and CIT's assets. For these purposes, the Board is assisted by the Audit, Risk Management and Compliance Committee ("ARCC") which provides dedicated oversight of risk management at the Trust and Manager Level. The ARCC currently comprises two independent and one non-executive board members and meets on a quarterly basis. The meetings are attended by the CEO, the COO and CFO and the Head of Compliance of CITM.

Risk Management Process

The Manager adopts a four-step risk management process to manage different risk by performing the following steps:

- (1) Risk identification and assessment;
- (2) Risk management application;
- (3) Risk monitoring; and
- (4) Reporting

(1) Risk Identification and assessment

The Enterprise-Risk Management ("ERM") Risk Appetite Statement was formulated and approved by the Board to identify the nature and extent of key material risks and risk appetite threshold of CIT and CITM. Both Risk Appetite Statements are monitored on a quarterly basis to ensure that all risks are appropriately managed. The ERM Risk Appetite Statements are reviewed and tabled to both the ARCC and the Board on a quarterly basis for their notation. The metrics adopted for each measure will be reviewed at least annually or more frequently if the business environment warrants.

Besides using ERM Risk Appetite Statement as one of the tools to identify and assess risks, CITM requires respective Heads of Departments to proactively identify, assess and document material operational risks as well as controls and/or treatment actions needed to address them, on a quarterly basis. The Key Risks and Control Matrix ("Risk Matrix") covers CIT's and CITM's material operational risks, the likelihood of the risks occurring, the consequences should they occur and the controls put in place to mitigate or manage these risks. The material operational risks are sub-categorised into

commercial & legal, economic/financial, operational, technology, human resources, OHS/Environmental, development and strategic. The Risk Matrix is reviewed by the CEO and the COO and CFO before they are presented to the ARCC and the Board.

(2) Risk Management Application

Besides using the ERM Risk Appetite Statement and Risk Matrix to identify and assess the risks, CITM also uses other tools to manage risks. The Compliance Matrix is one such tool that lists a summary of the major regulatory requirements related to both CITM and CIT. It covers the Securities and Futures Act ("SFA"), regulations ("SFR") and related notices and guidelines, SGX Listing Rules and the Code Of Collective Investment Scheme ("CIS"). Identified regulations are reviewed yearly or whenever the business environment changes substantially or whenever there are new relevant regulations to ensure that the matrix is kept up-to-date.

CITM has various policies and procedures to reduce operational risks by providing uniform practices that serve as a basis for guidance in day-to-day operation and to facilitate the understanding and correct implementation of different work processes. All policies and procedures are reviewed and updated where relevant at least once a year to ensure they are kept up-to-date. Any revisions, amendments and supplements to the various policies must be approved by the Board, the ARCC or the CEO, as appropriate.

To increase the level of awareness and knowledge of various risks, controls requirements and processes within CIT and CITM, all new employees are required to undergo induction training by the various departments. On-the-job training is provided to equip the staff with the knowledge and skills to carry out their work. Internal training is conducted for the purpose of information sharing, especially on changes relating to internal policies. Staff are encouraged to source for external training that relate to their fields of expertise and/or are included in personal development plans. Skills and knowledge acquired via such training can be applied to their work to improve work processes or control requirements and thus effectively reduce operational risks for CITM.

RISK MANAGEMENT

(3) Risk Monitoring

To ensure that risks are effectively managed and controlled, the following are some of the methods of risk monitoring adopted by CITM. The monitoring results are reported to ARCC and noted by the Board through ARCC updates.

- Quarterly monitoring of ERM Risk Appetite Statement
- Quarterly review of the Risk Matrix
- Quarterly monitoring of outstanding internal/external audit recommendations
- Quarterly attestations from employees, appointed representatives, Heads of Departments and Directors in terms of compliance with relevant regulatory requirements
- Quarterly reporting of breaches, potential breach and loss events

In addition to the above risk monitoring methods, CITM has formulated a Compliance Monitoring Framework using the Compliance Matrix as a base document. A risk assessment of all regulatory requirements impacting both CIT and CITM will be performed on an annual basis which will guide the approach taken for Compliance's oversight function. The risk assessment exercise consists of both inherent risk and residual risk assessment with a rating scale of low, medium and high. With the results generated, Compliance conducts oversight through a combination of routine monitoring and risk-based monitoring programmes (otherwise known as the Compliance Monitoring Programme).

(4) Reporting

Reports are provided to ARCC/Board/Regulators on a regular basis to provide updates on CITM's risk and compliance management activities.

Risks Tracked

CITM undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting of material risks. Such material risks include:

Portfolio Risk

The key objectives of CITM are to deliver secure and stable distributions to Unitholders and to achieve long-term growth in NAV per unit in order to provide Unitholders with a competitive rate of return for their investment. To achieve these objectives, the Manager uses the following strategies:

- Pro-actively managing CIT's property portfolio to maximise returns;
- Selectively acquiring properties that meet our investment criteria and enhance Unitholders' value;
- Divesting of non-core properties; and
- Adopting prudent capital and risk management strategies

The investment portfolio will primarily comprise real estate used mainly for industrial purposes (including investments in real estate related assets and/or other related value enhancing assets or instruments). The investments will be made in Singapore and Asian markets, with the current focus on Australia, Japan and Malaysia, depending on investment opportunities and market conditions and will generally be for the long-term. To manage the impact of economic uncertainties, CITM monitors economic development as well as any policies that have an impact on the daily operations within the portfolio.

Financial Risk

CITM monitors the financial market risk and capital structure actively as prudent capital management is the key for a sustainable business. CITM needs to ensure that there is diversity in terms of source of funds, a well-staggered debt maturity profile, and a gearing ratio within its target range, to mitigate any financial and liquidity risk.

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. CITM has established credit limits for tenants and monitors their balances on an on-going basis. Credit evaluations are performed by CITM 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.

RISK MANAGEMENT

Interest Rate

CIT's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by CITM 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. CIT adopts a policy of ensuring that the majority of its exposures to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

Currency Risk

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

Liquidity and Refinancing Risk

CITM 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, CIT will ensure 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 predicted, such as natural disasters. CITM monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

Operational Risk

Guidelines and policies are put in place to ensure business continuity. This includes the monitoring of incident and ensuring safety-related standards and procedures are set in place. To mitigate the risk of any disasters, disaster recovery testing is conducted at least once a year.

Performance and Reputational Risk

CIT's NPI yield, Mean Expense Ratio and DPU are some of the metrics monitored and measured against peers benchmarks to ensure that the Trust is performing better than or at least on par with the market. In addition, regulatory requirements on base capital and financial resources are being monitored to ensure that the requirements are met on an ongoing basis.

Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of the image of CIT by tenants, counterparties, shareholders, investors and regulators. CITM uses formal media monitoring to assess if there are any adverse news on CIT that warrants any actions from the Manager.

Other than the above material risks, CITM also needs to manage the following risks:

Regulatory and Compliance Risk

Due to the nature of business, CITM, being a Capital Markets Services Licence Holder, is required to comply with the relevant legislation and regulations issued by the Monetary Authority of Singapore, SGX-ST and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CIT and its Unitholders. Thus, any changes in these legislation and regulations may affect CIT's business, results or operations. The Manager has established relevant regulatory related policies and procedures to ensure CIT's and CITM's compliance with applicable legislation and regulations. Regulatory compliance is being monitored via the reporting of results of compliance monitoring program, non-compliance instances, regulatory breaches and overdue internal/external/regulatory inspection findings to ensure that both CIT and CITM are adhering to regulatory requirements.

People Risk

People are the key to CIT's business. Succession planning is in place for key personnel and staff remuneration is reviewed periodically to ensure it is aligned to the market to retain and reward staff.

Risk Assurance

On top of the risk management tools that are highlighted above, the Manager also has a Whistle-Blowing Policy put in place which provides an avenue for employees and external parties to raise any concerns about possible improprieties in matters of financial reporting or other matters to the ARCC Chairman. Independent investigation and appropriate follow-up action will be taken for all concerns raised.

16 International Business Park

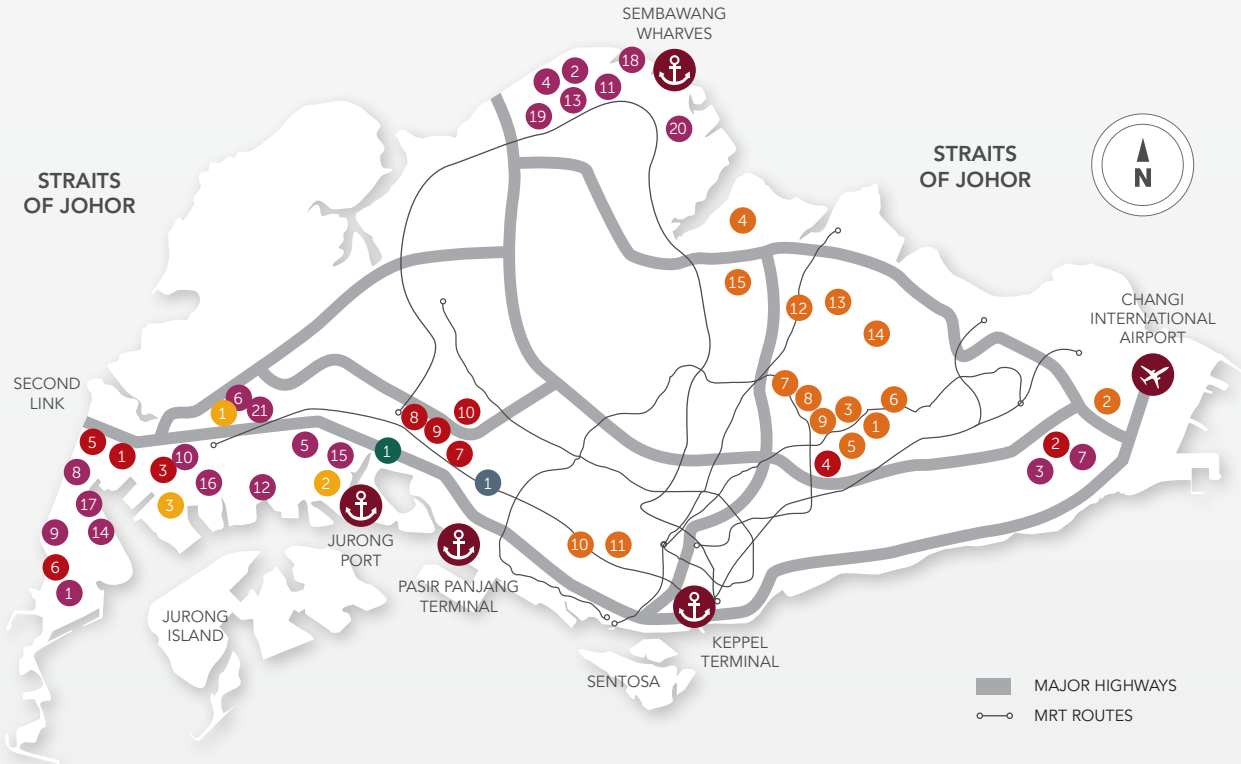




COMMITTED

Enhancing Our Property Portfolio

PROPERTY LOCATIONS



LOGISTICS

- 1 1 Third Lok Yang Road and
4 Fourth Lok Yang Road
- 2 24 Jurong Port Road
- 3 3 Pioneer Sector 3

WAREHOUSING

- 1 31 Tuas Avenue 11
- 2 25 Changi South Avenue 2
- 3 23 Tuas Avenue 10
- 4 160 Kallang Way
- 5 120 Pioneer Road
- 6 79 Tuas South Street 5
- 7 4/6 Clementi Loop
- 8 30 Toh Guan Road
- 9 3C Toh Guan Road East
- 10 9 Bukit Batok Street 22

LIGHT INDUSTRIAL

- 1 2 Ubi View
- 2 1/2 Changi North Street 2
- 3 16 Tai Seng Street
- 4 70 Seletar Aerospace View
- 5 21/23 Ubi Road 1
- 6 55 Ubi Avenue 3
- 7 128 Joo Seng Road
- 8 130 Joo Seng Road
- 9 136 Joo Seng Road
- 10 2 Jalan Kilang Barat
- 11 11 Chang Charn Road
- 12 11 Serangoon North Avenue 5
- 13 54 Serangoon Avenue 4
- 14 87 Defu Lane 10
- 15 12 Ang Mo Kio Street 65

CAR SHOWROOM AND WORKSHOP

- 1 30 Teban Gardens Crescent

BUSINESS PARK

- 1 16 International Business Park

GENERAL INDUSTRIAL

- 1 9 Tuas View Crescent
- 2 28 Senoko Drive
- 3 31 Changi South Avenue 2
- 4 21B Senoko Loop
- 5 22 Chin Bee Drive
- 6 31 Kian Teck Way
- 7 45 Changi South Avenue 2
- 8 2 Tuas South Avenue 2
- 9 60 Tuas South Street 1
- 10 5/7 Gul Street 1
- 11 28 Woodlands Loop
- 12 25 Pioneer Crescent
- 13 11 Woodlands Walk
- 14 43 Tuas View Circuit
- 15 15 Jurong Port Road
- 16 160A Gul Circle
- 17 3 Tuas South Avenue 4
- 18 23 Woodlands Terrace
- 19 30 Marsiling Industrial Estate Road 8
- 20 511/513 Yishun Industrial Park A
- 21 86/88 International Road

PROPERTY PORTFOLIO

LOGISTICS



1

1 Third Lok Yang Road &
4 Fourth Lok Yang Road

114,111 Sq ft
of Lettable Area

\$12.8 million

Valuation as at 31 Dec 2015



2

24 Jurong Port Road

737,778 Sq ft
of Lettable Area

\$89.1 million

Valuation as at 31 Dec 2015



3

3 Pioneer Sector 3

654,847 Sq ft
of Lettable Area

\$112.0 million

Valuation as at 31 Dec 2015

/ 2 8

PROPERTY PORTFOLIO

WAREHOUSING



1

31 Tuas Avenue 11

75,579 Sq ft
of Lettable Area

\$12.0 million

Valuation as at 31 Dec 2015



2

25 Changi South Avenue 2

72,998 Sq ft
of Lettable Area

\$13.7 million

Valuation as at 31 Dec 2015



3

23 Tuas Avenue 10

102,310 Sq ft
of Lettable Area

\$15.7 million

Valuation as at 31 Dec 2015



4

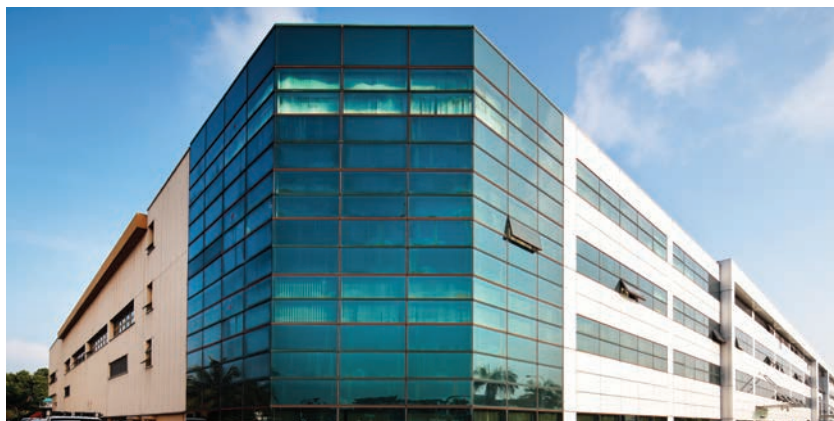
160 Kallang Way

322,604 Sq ft
of Lettable Area

\$29.5 million

Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO



5

120 Pioneer Road

244,513 Sq ft
of Lettable Area

\$34.2 million
Valuation as at 31 Dec 2015



6

79 Tuas South Street 5

67,942 Sq ft
of Lettable Area

\$11.7 million
Valuation as at 31 Dec 2015



7

4/6 Clementi Loop

300,920 Sq ft
of Lettable Area

\$63.1 million
Valuation as at 31 Dec 2015



8

30 Toh Guan Road

293,429 Sq ft
of Lettable Area

\$60.0 million
Valuation as at 31 Dec 2015

/ 30

PROPERTY PORTFOLIO

WAREHOUSING



9

3C Toh Guan Road East

167,317 Sq ft
of Lettable Area

\$33.0 million
Valuation as at 31 Dec 2015



10

9 Bukit Batok Street 22

134,913 Sq ft
of Lettable Area

\$23.9 million
Valuation as at 31 Dec 2015

LIGHT INDUSTRIAL



1

2 Ubi View

43,654 Sq ft
of Lettable Area

\$9.9 million
Valuation as at 31 Dec 2015



2

1/2 Changi North Street 2

125,870 Sq ft
of Lettable Area

\$23.2 million
Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO



3

16 Tai Seng Street

215,666 Sq ft
of Lettable Area

\$73.0 million

Valuation as at 31 Dec 2015



4

70 Seletar Aerospace View

53,729 Sq ft
of Lettable Area

\$8.8 million

Valuation as at 31 Dec 2015



5

21/23 Ubi Road 1

139,566 Sq ft
of Lettable Area

\$36.6 million

Valuation as at 31 Dec 2015



6

55 Ubi Avenue 3

117,264 Sq ft
of Lettable Area

\$22.1 million

Valuation as at 31 Dec 2015

/ 3 2

PROPERTY PORTFOLIO

LIGHT INDUSTRIAL



7

128 Joo Seng Road

72,816 Sq ft
of Lettable Area

\$12.5 million

Valuation as at 31 Dec 2015



8

130 Joo Seng Road

89,626 Sq ft
of Lettable Area

\$15.0 million

Valuation as at 31 Dec 2015



9

136 Joo Seng Road

78,189 Sq ft
of Lettable Area

\$13.7 million

Valuation as at 31 Dec 2015



10

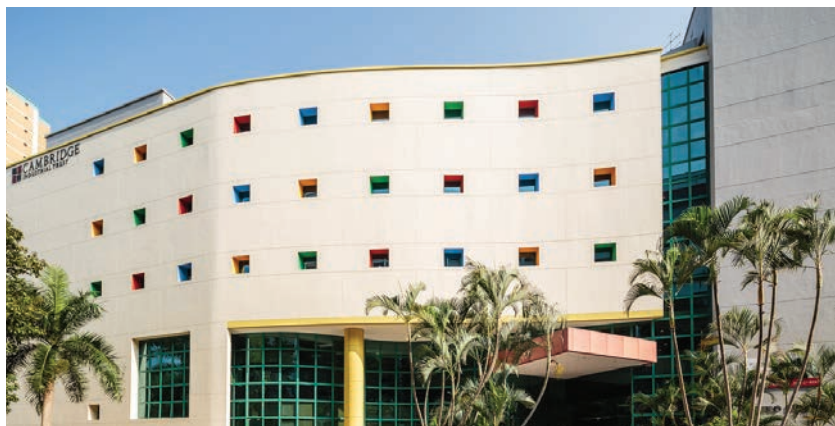
2 Jalan Kilang Barat

67,667 Sq ft
of Lettable Area

\$29.0 million

Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO

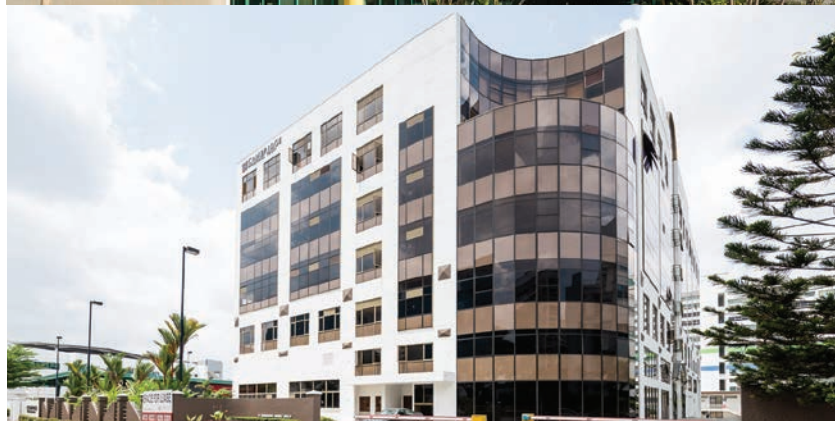


11

11 Chang Charn Road

76,140 Sq ft
of Lettable Area

\$32.0 million
Valuation as at 31 Dec 2015



12

11 Serangoon North Avenue 5

112,601 Sq ft
of Lettable Area

\$19.9 million
Valuation as at 31 Dec 2015



13

54 Serangoon North Avenue 4

116,854 Sq ft
of Lettable Area

\$22.2 million
Valuation as at 31 Dec 2015



14

87 Defu Lane 10

91,213 Sq ft
of Lettable Area

\$18.5 million
Valuation as at 31 Dec 2015

/ 3 4

PROPERTY PORTFOLIO

LIGHT INDUSTRIAL



15

12 Ang Mo Kio Street 65

166,124 Sq ft
of Lettable Area

\$40.6 million

Valuation as at 31 Dec 2015

GENERAL INDUSTRIAL



1

9 Tuas View Crescent

71,581 Sq ft
of Lettable Area

\$11.4 million

Valuation as at 31 Dec 2015



2

28 Senoko Drive

159,338 Sq ft
of Lettable Area

\$14.0 million

Valuation as at 31 Dec 2015



3

31 Changi South Avenue 2

59,697 Sq ft
of Lettable Area

\$11.2 million

Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO



4

21B Senoko Loop

195,823 Sq ft
of Lettable Area

\$31.5 million

Valuation as at 31 Dec 2015



5

22 Chin Bee Drive

120,653 Sq ft
of Lettable Area

\$15.5 million

Valuation as at 31 Dec 2015



6

31 Kian Teck Way

33,088 Sq ft
of Lettable Area

\$5.7 million

Valuation as at 31 Dec 2015



7

45 Changi South Avenue 2

73,684 Sq ft
of Lettable Area

\$14.0 million

Valuation as at 31 Dec 2015

/ 3 6

PROPERTY PORTFOLIO

GENERAL INDUSTRIAL



8

2 Tuas South Avenue 2

217,351 Sq ft
of Lettable Area

\$36.0 million
Valuation as at 31 Dec 2015



9

60 Tuas South Street 1

44,675 Sq ft
of Lettable Area

\$6.2 million
Valuation as at 31 Dec 2015



10

5/7 Gul Street 1

98,864 Sq ft
of Lettable Area

\$14.7 million
Valuation as at 31 Dec 2015



11

28 Woodlands Loop

131,859 Sq ft
of Lettable Area

\$18.3 million
Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO



12

25 Pioneer Crescent

76,003 Sq ft
of Lettable Area\$16.2 million
Valuation as at 31 Dec 2015

13

11 Woodlands Walk

96,625 Sq ft
of Lettable Area\$17.3 million
Valuation as at 31 Dec 2015

14

43 Tuas View Circuit

122,836 Sq ft
of Lettable Area\$16.5 million
Valuation as at 31 Dec 2015

15

15 Jurong Port Road

245,172 Sq ft
of Lettable Area\$42.0 million
Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO

GENERAL INDUSTRIAL



16

160A Gul Circle

86,075 Sq ft
of Lettable Area

\$19.4 million

Valuation as at 31 Dec 2015



17

3 Tuas South Avenue 4

315,522 Sq ft
of Lettable Area

\$38.3 million

Valuation as at 31 Dec 2015



18

23 Woodlands Terrace

99,224 Sq ft
of Lettable Area

\$17.5 million

Valuation as at 31 Dec 2015



19

30 Marsiling Industrial Estate Road 8

171,747 Sq ft
of Lettable Area

\$39.0 million

Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO



20

511/513 Yishun Industrial Park A

181,216 Sq ft
of Lettable Area

\$33.2 million

Valuation as at 31 Dec 2015



21

86/88 International Road

237,229 Sq ft
of Lettable Area

\$40.7 million

Valuation as at 31 Dec 2015

CAR SHOWROOM AND WORKSHOP



1

30 Teban Gardens Crescent

139,525 Sq ft
of Lettable Area

\$40.7 million

Valuation as at 31 Dec 2015

BUSINESS PARK



1

16 International Business Park

69,258 Sq ft
of Lettable Area

\$31.0 million

Valuation as at 31 Dec 2015

PROPERTY PORTFOLIO

LOGISTICS

Single or multi-storey distribution and logistics facilities catering to tenants that are third-party logistics and supply chain management providers or trading companies.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	1 Third Lok Yang Road and 4 Fourth Lok Yang Road	YCH DistriPark (Pte.) Ltd	114,111	2031 / Leasehold estate of 30 years w.e.f 16 December 2001
2	24 Jurong Port Road	Multi-tenanted	737,778	2037 / Leasehold estate of 30 + 12 years w.e.f 1 March 1995
3	3 Pioneer Sector 3	Multi-tenanted	645,847	2050 / Leasehold estate of 30 + 30 years w.e.f 16 December 1990

WAREHOUSING

Single or multi-storey warehouse facilities with low content of office space that are used by both MNCs and local SMEs predominantly as storage space for raw material, semi-finished or finished goods; coupled with light industrial activities such as assembly and packing. This also includes self-storage business.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	31 Tuas Avenue 11	SLS Bearings (Singapore) Pte Ltd	75,579	2054 / Leasehold estate of 30 + 30 years w.e.f 1 April 1994
2	25 Changi South Avenue 2	Wan Tai and Company (Private) Limited	72,998	2054 / Leasehold estate of 30 + 30 years w.e.f 16 October 1994
3	23 Tuas Avenue 10	Reliance Products Pte Ltd	102,310	2056 / Leasehold estate of 30 + 29 years w.e.f 1 November 1997
4	160 Kallang Way	HC Design Pte Ltd	322,604	2033 / Leasehold estate of 60 years w.e.f 16 February 1973
5	120 Pioneer Road	Compact Metal Industries Ltd	244,513	2055 / Leasehold estate of 30 + 28 years w.e.f 16 February 1977
6	79 Tuas South Street 5	Vacant	67,942	2060 / Leasehold estate of 30 + 30 years w.e.f 1 February 2000
7	4/6 Clementi Loop	Hoe Leong Corporation Ltd	300,920	2053 / Leasehold estate of 30 + 30 years w.e.f 1 October 1993
8	30 Toh Guan Road	Multi-tenanted	293,429	2055 / Leasehold estate of 30 + 30 years w.e.f 16 August 1995
9	3C Toh Guan Road East	Multi-tenanted	167,317	2051 / Leasehold estate of 30 + 30 years w.e.f 16 February 1991
10	9 Bukit Batok Street 22	Multi-tenanted	134,913	2053 / Leasehold estate of 30 + 30 years w.e.f 1 February 1993

PROPERTY PORTFOLIO



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
25 July 06	12.4	100	1.5	12.8
25 July 06	96.0	95	7.7	89.1
25 July 06	93.4	97	7.6	112.0



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
25 July 06	8.7	100	1.0	12.0
25 July 06	7.3	100	1.0	13.7
25 July 06	8.6	100	1.1	15.7
25 July 06	23.2	100	2.2	29.5
24 October 07	26.5	100	2.3	34.2
30 April 08	10.4	–	–	11.7
13 June 11	63.4	100	5.5	63.1
25 July 06	35.0	99	5.9	60.0
30 January 12	35.5	90	2.4	33.0
25 October 07	18.3	78	1.9	23.9

PROPERTY PORTFOLIO

LIGHT INDUSTRIAL

Single or multi-storey manufacturing/production space with low content of office space used by both MNCs and local SMEs for light industrial activities such as light manufacturing, assembly non-pollutive industrial activities and businesses that engage in high-technology, R&D or type 1 e-business activities.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	2 Ubi View	CSE Global Limited	43,654	2059 / Leasehold estate of 60 years w.e.f. 4 January 1999
2	1/2 Changi North Street 2	ETLA Limited	125,870	2061 / Leasehold estate 30 years + 30 years w.e.f. 1 March 2001 2065 / Leasehold estate 30 years + 30 years w.e.f. 23 November 2005
3	16 Tai Seng Street	Nobel Design Holdings Ltd	215,666	2067 / Leasehold estate of 30 + 30 years w.e.f 4 July 2007
4	70 Seletar Aerospace View	Air Transport Training College Pte Ltd	53,729	2041 / Leasehold estate of 30 years w.e.f 16 October 2011
5	21/23 Ubi Road 1	Multi-Tenanted	139,566	2057 / Leasehold estate of 30 + 30 years w.e.f 1 February 1997
6	*55 Ubi Avenue 3	Multi-Tenanted	117,264	2056 / Leasehold estate of 30 + 30 years w.e.f 1 July 1996
7	128 Joo Seng Road	Multi-Tenanted	72,816	2052 / Leasehold estate of 30 + 30 years w.e.f 1 May 1992
8	130 Joo Seng Road	Multi-Tenanted	89,626	2051 / Leasehold estate of 30 + 30 years w.e.f 1 December 1991
9	136 Joo Seng Road	Multi-Tenanted	78,189	2050 / Leasehold estate of 30 + 30 years w.e.f 1 October 1990
10	2 Jalan Kilang Barat	Multi-Tenanted	67,667	2062 / Leasehold estate of 99 years w.e.f 1 July 1963
11	11 Chang Charn Road	Multi-Tenanted	76,140	2056 / Leasehold estate of 99 years w.e.f 1 January 1958
12	11 Serangoon North Avenue 5	Multi-Tenanted	112,601	2057 / Leasehold estate of 30 + 30 years w.e.f 16 April 1997
13	54 Serangoon North Avenue 4	Multi-Tenanted	116,854	2056 / Leasehold estate of 30 + 30 years w.e.f 16 June 1996
14	*87 Defu Lane 10	Multi-Tenanted	91,213	2050 / Leasehold estate of 30 + 30 years w.e.f 1 November 1990
15	12 Ang Mo Kio Street 65	Multi-Tenanted	166,124	2050 / Leasehold estate of 30 + 30 years w.e.f 16 October 1990

* Properties held for divestment.

PROPERTY PORTFOLIO



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
25 July 2006	7.5	100	0.6	9.9
19 October 2010	22.1	100	1.9	23.2
29 May 2012	72.9	100	5.5	73.0
22 November 2012	8.5	100	1.0	8.8
25 July 2006	25.0	100	3.7	36.6
27 February 2007	18.8	56	1.3	22.1
25 June 2007	10.0	100	1.3	12.5
25 July 2006	12.0	100	1.7	15.0
25 July 2006	10.3	100	1.3	13.7
25 July 2006	20.0	91	1.2	29.0
31 March 2014	32.0	96	2.1	32.0
25 July 2006	14.0	94	2.1	19.9
1 March 2013	21.0	64	2.0	22.2
25 July 2006	14.8	100	0.7	18.5
13 September 2014	39.8	85	3.4	40.6

PROPERTY PORTFOLIO

GENERAL INDUSTRIAL

Single or multi-storey manufacturing/factory facilities with low content of office space, catering to both MNCs and SMEs for industrial purposes, including but not limited to manufacturing, altering, repairing, finishing and precision engineering.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	9 Tuas View Crescent	C M R (Far East) Pte Ltd	71,581	2058 / Leasehold estate of 30 + 30 years w.e.f 16 July 1998
2	28 Senoko Drive	Tat Seng Packaging Group Ltd	159,338	2039 / Leasehold estate of 30 + 30 years w.e.f 16 December 1979
3	31 Changi South Avenue 2	Presscrete Engineering Pte Ltd	59,697	2055 / Leasehold estate of 30 + 30 years w.e.f 1 March 1995
4	21B Senoko Loop	Tellus Marine Engineering Pte Ltd	195,823	2053 / Leasehold estate of 30 + 30 years w.e.f 1 February 1993
5	22 Chin Bee Drive	Deluge Fire Protection (S.E.A) Pte Ltd	120,653	2035 / Leasehold estate of 30 years w.e.f 16 September 2005
6	31 Kian Teck Way	Donald MCarthy Trading Pte Ltd	33,088	2042 / Leasehold estate of 30 + 19 years w.e.f 1 September 1993
7	45 Changi South Avenue 2	Chung Shan Plastics Pte Ltd	73,684	2055 / Leasehold estate of 30 + 30 years w.e.f 1 September 1995
8	2 Tuas South Avenue 2	Soon Wing Investments Pte Ltd	217,351	2059 / Leasehold estate of 60 years w.e.f 4 January 1999
9	60 Tuas South Street 1	Vacant	44,675	2035 / Leasehold estate of 30 years w.e.f 16 March 2005
10	5/7 Gul Street 1	Precise Industries Pte Ltd	98,864	2037 / Leasehold estate of 29.5 years w.e.f 1 April 2008
11	28 Woodlands Loop	Sanwa Plastic Industry Pte Ltd	131,859	2055 / Leasehold estate of 30 + 30 years w.e.f 16 October 1995
12	25 Pioneer Crescent	Bohler Pacific Pte Ltd	76,003	2067 / Leasehold estate of 30 + 28 years w.e.f 1 February 2009
13	11 Woodlands Walk	NTS Components Singapore Pte Ltd	96,625	2055 / Leasehold estate of 30 + 30 years w.e.f 16 October 1995
14	43 Tuas View Circuit	Q'son Precision Engineering Pte Ltd	122,836	2038 / Leasehold estate of 30 years w.e.f 1 February 2008
15	15 Jurong Port Road	HG Metal Manufacturing Limited	245,172	2035 / Leasehold estate of 28 years w.e.f 25 March 2007
16	160A Gul Circle	Unicable Pte Ltd	86,075	2040 / Leasehold estate of 27 years w.e.f 30 September 2013
17	3 Tuas South Avenue 4	Agila Specialties Global Pte Ltd	315,522	2059 / Leasehold estate of 30 + 30 years w.e.f 1 May 1999
18	23 Woodlands Terrace	Multi-Tenanted	99,224	2056 / Leasehold estate of 30 + 30 years w.e.f 16 November 1996
19	30 Marsiling Industrial Estate Road 8	Multi-Tenanted	171,747	2049 / Leasehold estate of 30 + 30 years w.e.f 1 December 1989
20	511/513 Yishun Industrial Park A	Multi-Tenanted	181,216	2054 / Leasehold estate of 29 + 30 years w.e.f 1 June 1995 2053 / Leasehold estate of 30 + 30 years w.e.f 1 December 1993
21	86/88 International Road	Multi-Tenanted	237,229	2054 / Leasehold estate of 30 + 30 years w.e.f 16 December 1994

PROPERTY PORTFOLIO



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
25 July 2006	5.6	100	0.9	11.4
25 June 2007	12.0	100	1.6	14.0
27 July 2007	7.3	100	0.6	11.2
28 January 2008	28.3	100	2.5	31.5
28 September 2010	15.0	100	1.5	15.5
25 July 2006	3.2	100	0.5	5.7
25 July 2006	8.3	100	0.7	14.0
25 July 2006	23.0	100	2.3	36.0
29 June 2011	6.4	–	0.1	6.2
15 July 2011	14.5	100	1.4	14.7
25 July 2006	13.0	100	1.6	18.3
29 March 2012	15.3	100	1.2	16.2
29 October 2012	17.3	100	1.4	17.3
21 September 2012	13.5	100	1.4	16.5
30 January 2013	43.0	100	3.7	42.0
13 May 2015	19.1	100	1.0	19.4
19 March 2013	15.0	100	1.8	38.3
26 October 2007	15.4	76	1.2	17.5
24 October 2012	39.0	82	3.1	39.0
30 November 2010	32.6	25	2.9	33.2
25 July 2006	44.2	90	3.4	40.7

PROPERTY PORTFOLIO

CAR SHOWROOM AND WORKSHOP

Multi-storey industrial building used for car showroom and service workshops.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	30 Teban Gardens Crescent	Eurosports Auto Pte Ltd	139,525	2039 / Leasehold estate of 10 + 22 years w.e.f 1 June 2007

BUSINESS PARK

Multi-storey suburban office building in specially designated "Business Park zone" of which serves as regional headquarters for multinational companies catering to knowledge-based activities.

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry / Title
1	16 International Business Park	M+W Singapore Pte Ltd	69,258	2056 / Leasehold estate of 30 + 30 years w.e.f 1 August 1996

PROPERTY PORTFOLIO



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
17 March 2014	41.0	100	3.4	40.7



Acquisition Date	Purchase Price / Development Cost (\$million)	Occupancy (%) 31 Dec 2015	Gross Rental Income (\$million) 31 Dec 2015	Valuation (\$million) 31 Dec 2015
19 December 2014	30.3	100	1.8	31.0

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

3 FEBRUARY 2016

Prepared by DTZ Debenham Tie Leung Property Management Services Pte Ltd for the purpose of this Annual Report.

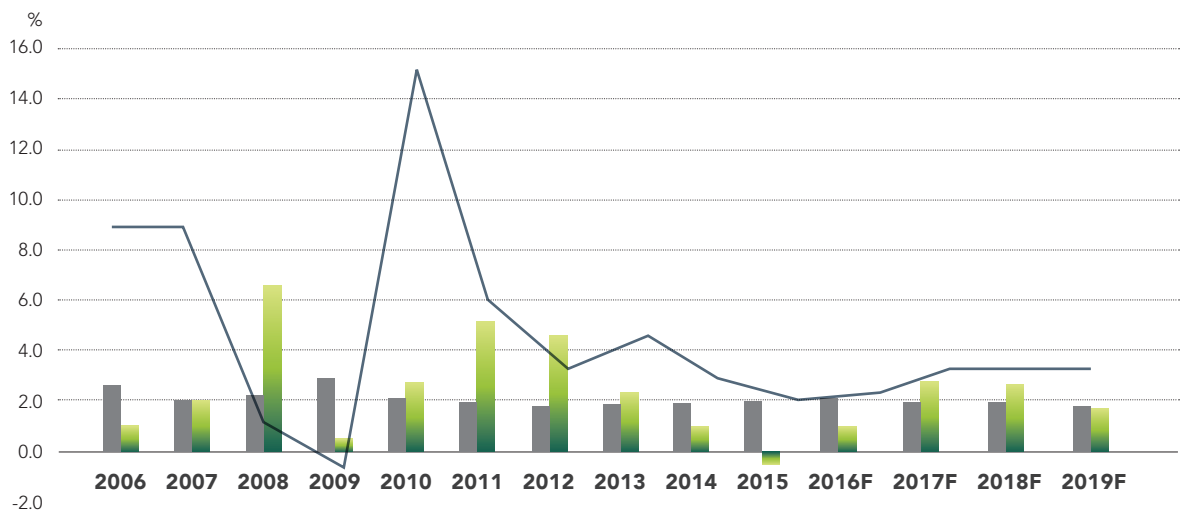
1.0 SOCIO-ECONOMIC OVERVIEW

1.1 GDP Growth, Unemployment And Inflation

Given its open economy, Singapore was affected by the uneven global economic growth in 2015. On a positive note, the global economy was buoyed by the stronger-than-expected economic growth in the US. In particular, the US Federal Reserve raised interest rates in December 2015, the first time since 2006. On the other hand, the Eurozone's economy remained lacklustre. Mainland China's economy also slowed, as a result of overcapacity and weakened exports. With Mainland China being Singapore's largest trading partner, the slowdown weighed on Singapore's economy, particularly its export-oriented industries.

According to the Ministry of Trade and Industry (MTI), Singapore's economy grew modestly by 2.0% in 2015, compared with 3.3% in 2014 (Figure 1.1). The moderation was partly due to economic restructuring.

Figure 1.1: Real Gross Domestic Product Growth, Inflation and Unemployment Rate



Source: Oxford Economics, Department of Statistics of Singapore (DOS), DTZ Consulting & Research, February 2016.

Unemployment Rate
 Inflation
 Real GDP Growth

Meanwhile, inflation eased since mid-2014. For 2015, inflation was -0.5%, down from 1.0% in 2014.

Overall unemployment rate in 2015 (1.9%) was broadly unchanged since 2011. Although total employment continued to grow by 31,800 in 2015, it was the lowest since 2003.

The manufacturing sector, which drives the demand for industrial space, was affected by the slowdown in Mainland China's economy. According to the Economic Development Board (EDB), overall manufacturing output fell by 5.2% in 2015. The latest Purchasing Managers' Index in January 2016 also reflected that the sector contracted for six consecutive months since June 2015.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

With the exception of the chemicals cluster which saw its output rise by 3.9% in 2015, annual factory output for the biomedical manufacturing (-2.6%), electronics (-6.8%), general manufacturing (-2.0%), precision engineering (-4.1%) and transport engineering (-13.5%) clusters contracted.

Export-oriented sectors such as transport & storage, a key demand driver for warehouse space, also experienced moderated growth in 2015. Compared to 2.6% growth in 2014, the growth of the transport & storage sector was flat (0.0%) in 2015. However, wholesale & retail trade grew by 6.1% in 2015, faster than 2.6% in 2014. Growth was particularly evident in wholesale trade, which provided some respite for the demand of warehouses in 2015.

1.1 Outlook

The MTI expects Singapore's economy to grow by 1.0% to 3.0% in 2016. With the US's gradual normalisation of its monetary policy, growth in the US is expected to strengthen. On the other hand, Mainland China is deepening its economic restructuring and bracing for a moderate economic growth. As both the US and Mainland China increase their focus on their domestic markets, export-oriented economies such as Singapore are expected to be affected. According to the MTI, Singapore's economic growth is expected to come from domestically-oriented sectors such as the business services sector.

Meanwhile, the Monetary Authority of Singapore projects inflation to stay between -0.5% and 0.5% in 2016.

According to the Survey of Business Expectations of the Manufacturing Sector for January to June 2016 by the EDB¹, a net weighted balance² of 29% of manufacturers expects business conditions to worsen, compared to a net weighted balance of 7% of manufacturers who expect improvement in manufacturing. Subdued global economic conditions and prolonged weakness in commodity prices are expected to continue to weigh on the manufacturing sector.

2.0 MAJOR GOVERNMENT POLICIES AND MEASURES

2.1 Major Government Plans, Policies and Initiatives

Policies and measures were introduced since 2013 to ensure a sustainable industrial property market. These included the imposition of a Sellers' Stamp Duty (SSD) on industrial properties, Total Debt Servicing Ratio (TDSR) framework and Assignment Prohibition Period.

To align with Jurong Town Corporation (JTC)'s subletting restrictions implemented in October 2014, the Housing Development Board (HDB) announced on 30 March 2015 that new and existing tenants of HDB industrial properties would not be allowed to sublet their industrial properties from 1 June 2015. Tenants with existing approved subletting arrangements are allowed to renew their subletting agreement up to 31 December 2017.

2.2 Industrial Government Land Sales Programme for H1 2016

The government releases industrial land for sale through the Industrial Government Land Sales (IGLS) Programme on a bi-annual basis. Since 2014, the government has continued to scale back the IGLS programme to pace demand. Notably, the total site area of the land parcels released in the H1 2016 Confirmed and Reserve Lists were 12.24 ha, lower compared with that in H2 2015 (14.30 ha). Majority of the sites in the Confirmed List are small (less than 1.0 ha) and suitable for single-user industrial developments. Three of the six sites were carried over from the H1 and H2 2015 Confirmed List (Table 2.1).

1 Conducted between December 2015 and January 2016, where 430 manufacturing establishments were surveyed.

2 The net weighted balance is commonly used to reflect the direction and extent of the business sentiments. It is the difference between the weighted percentage of 'up' responses and the weighted percentage of 'down' responses.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

Table 2.1: Industrial Government Land Sales Programme H1 2016

Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Estimated Available Date
Confirmed List					
Plot 2, Tampines Industrial Drive	0.49	B2	1.4	20	Jan 2016
Plot 3, Tampines North Drive 3	0.58	B2	2.5	20	Feb 2016
Woodlands Sector 2*	1.37	B2	1.4	20	Mar 2016
Plot 10, Tampines Industrial Drive	0.47	B2	1.4	20	Apr 2016
Plot 7, Tuas South Link 2**	0.53	B2	1.4	20	May 2016
Plot 8, Tuas South Link 2*	0.60	B2	1.4	20	June 2016
Reserve List					
Plot 1, Tuas South Link 1	3.33	B2	2.0	30	Available
Tuas Bay Close	2.72	B2	1.7	30	Available
Plot 1, Tampines Industrial Drive	0.55	B2	1.4	30	Available
Woodlands Height	1.60	B1	2.5	30	Available

Source: JTC, DTZ Consulting & Research, February 2016.

* previously in H1 2015 Confirmed List.

** previously in H2 2015 Confirmed List.

On the other hand, the Reserve List for H1 2016 featured four larger plots with longer tenure at 30 years. These sites were previously in the H2 2015 Reserve List. Sites on the Reserve List will only be launched for sale by the government, if an interested developer submits a minimum price bid that is acceptable to the government.

3.0 INDUSTRIAL PROPERTY MARKET OVERVIEW

3.1 Stock

This report focuses on the private industrial sector.

As at Q4 2015, Singapore had a total of 421.4m sq ft³ of private industrial stock. Single-user factories formed about half (214.4 million sq ft; 51%) of total stock, followed by multiple-user factories (95.4 million sq ft; 23%) and warehouses (94.6 million sq ft; 22%). The remaining 4% (17.0 million sq ft) comprises business park (Figure 3.1).

Figure 3.1: Industrial Stock (Q4 2015)

■ Single-user Factory (214.4m sq ft)	51%
■ Multiple-user Factory (95.4m sq ft)	23%
■ Business Park (17.0m sq ft)	4%
■ Warehouse (94.6m sq ft)	22%

Source: URA, DTZ Consulting & Research, February 2016.



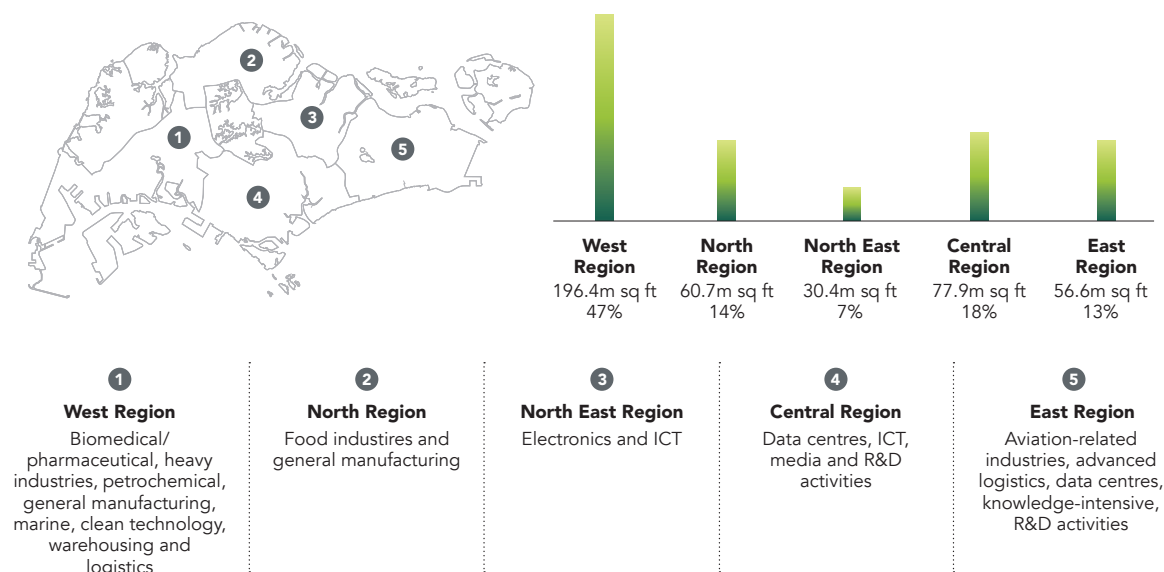
3 All industrial supply and demand figures are in Net Lettable Area (NLA), unless stated otherwise.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

3.2 Geographical Distribution

As at Q4 2015, the West Region continued to account for the bulk of islandwide private industrial stock, with some 196.4 million sq ft (47%), followed by Central Region (77.9 million sq ft; 18%), North Region (60.4 million sq ft; 14%), East Region (56.6 million sq ft; 13%) and North East Region (30.4 million sq ft; 7%) (Figure 3.2).

Figure 3.2: Industrial Stock by Region (Q4 2015)



Source: URA, DTZ Consulting & Research, February 2016.

4.0 FACTORY PROPERTY MARKET OVERVIEW

4.1 Supply

Islandwide private factory stock increased by 3.3% (9.8 million sq ft) to 309.8m sq ft in 2015, slightly slower than 4% growth in 2014.

Notable single-user factory completions include SEF SpaceHub at Kaki Bukit (344,000 sq ft) by construction company SEF Group, Equinix SG3 IBX Data Centre by Mapletree Industrial Trust (309,000 sq ft) and 1 Pioneer Turn (193,000 sq ft) by Givaudan Singapore, a leading global flavor and fragrances company.

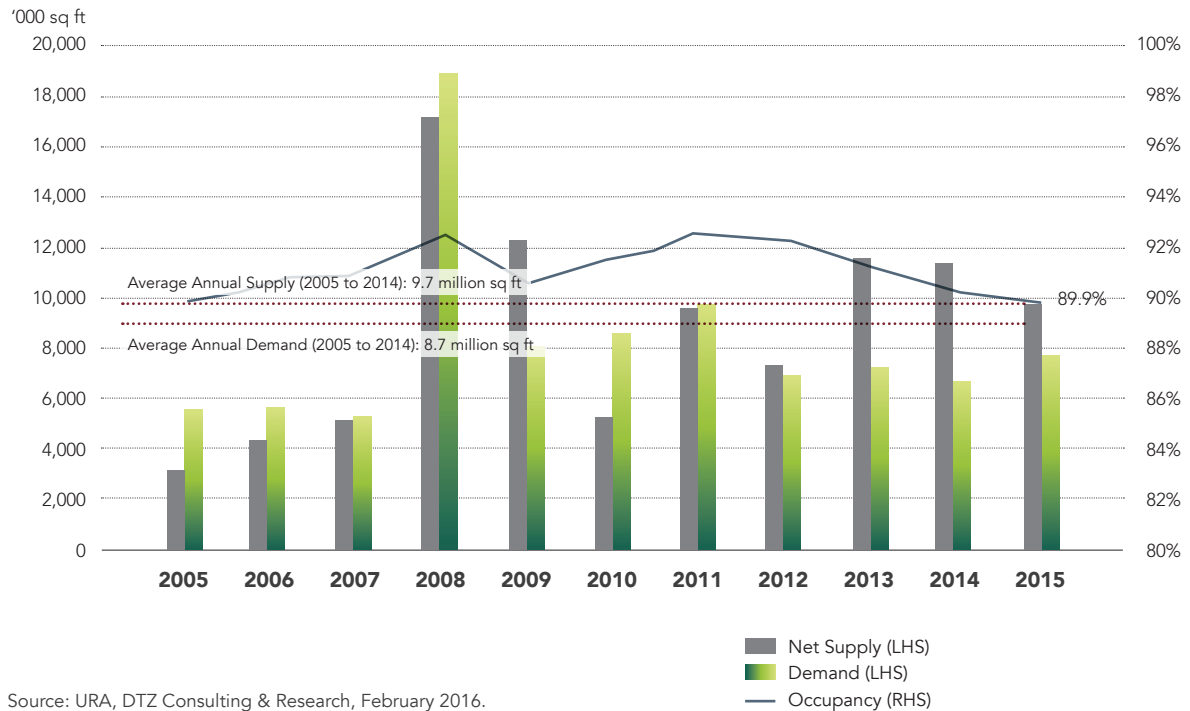
As for multiple-user factory, major completions include Eco-Tech @ Sunview at Sunview Road (621,000 sq ft), Mandai Connection at Mandai Link (493,000 sq ft), Bukit Batok Connection at Bukit Batok Avenue 6 (331,000 sq ft), North View Bizhub at Yishun Ave 9 (259,000 sq ft) and TAG A at Tagore Lane (164,000 sq ft).

4.2 Demand and Occupancy

Net demand picked up with an increase of 16%, from 6.7 million sq ft in 2014 to 7.7 million sq ft in 2015. Meanwhile, net supply amounted to 9.8 million sq ft in 2015, 15% lower than the 11.5 million sq ft in 2014. As net supply continued to outstrip demand, occupancy for both single-user and multiple-user private factory dipped slightly by 0.3 percentage points from 90.1% to 89.8% in Q4 2015 (Figure 4.1).

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

Figure 4.1: Net Supply, Demand and Occupancy

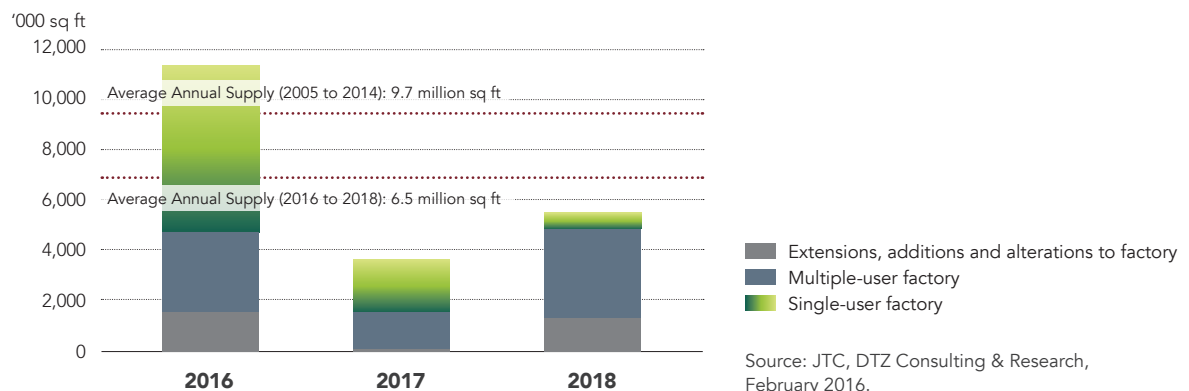


As for multiple-user factory, occupancy rate inched up slightly by 0.3% year-on-year ("y-o-y"), from 86% in Q4 2014 to 86.3% in Q4 2015. The change in occupancy rates was location specific, depending on their proximity to the city, airport and seaport. For instance, occupancy rates for multiple-user factory in the Central, Northeast and West Regions declined, ranging from 0.1% points to 3.1% points. However, the occupancy rates for multiple-user factory in North and East Regions increased by 4.4% points and 9.3% points respectively, offsetting the decline in other regions and provided support to the slight increment in overall occupancy rate for multiple-user factor.

4.3 Potential Supply

Approximately 19.8 million sq ft (NLA) of private factory space is scheduled to complete between 2016 and 2018 (Figure 4.2). Although there is ample supply expected in 2016, the average annual potential supply (6.5 million sq ft) is significantly lower than the average annual supply in the past decade (9.7 million sq ft).

Figure 4.2: Potential Supply



SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

About 45% (9.0 million sq ft) of the factory slated for completion is single-user factory, followed by multiple-user factory (40%; 7.9 million sq ft) and extensions, additions and alterations to factory (15%; 3.0 million sq ft).

Most (89%; 6.9 million sq ft) of the multiple-user factories in the pipeline are strata-titled. Majority of these strata-titled multiple-user factories are for sale, with units less than 5,000 sq ft.

A notable development is Mega@Woodlands (864,000 sq ft) located at Woodlands Close. Expected to complete in 2018, the eight-storey building will have 512 strata-titled units, a sky lounge, a gym as well as business and meeting rooms (Table 4.1).

Table 4.1: Selected Private Factory Developments (>300,000 sq ft) in the Pipeline Supply (Islandwide)⁴

Development	Location	Type	Estimated NLA (Sq ft)
2016			
BTS-Hewlett Packard (Phases 1 and 2)	Depot Road	Single-user factory	676,000
West Connect Building	Jalan Buroh/ Buroh Street	Multiple-user factory (strata-titled for sale)	604,432
The Index	Tuas South Avenue 3	Multiple-user factory (strata-titled for sale)	489,000
T99	Tuas South Avenue 10	Multiple-user factory (strata-titled for sale)	489,000
Singapore Telecommunications	Yung Ho Road	Single-user factory	466,000
Mencast Marine	Penjuru Road	Single-user factory	321,000
Shell Eastern Petroleum	Tuas South Avenue 5/ Tuas South Way	Single-user factory	315,000
2017			
Loyang Enterprise Building	Loyang Way	Multiple-user factory (strata-titled for sale)	455,000
2018			
Mega@Woodlands	Woodlands Close	Multiple-user factory (strata-titled for sale)	864,000
Nordcom Two	Gambas Avenue (Parcel 2 & 3)	Multiple-user factory (strata-titled for sale)	614,000
Wave 9	Woodlands Industrial Park E9	Multiple-user factory (strata-titled for sale)	406,000
West Star	Tuas Bay Close	Multiple-user factory (strata-titled for sale)	373,000

Source: JTC, DTZ Consulting & Research, February 2016.

Beyond 2018, there will be a data centre (702,000 sq ft) developed by Google Asia Pacific at Jurong West Street 23/ Bulim Avenue. It is located next to Google's existing data centre and is expected to commence operations by 2020.

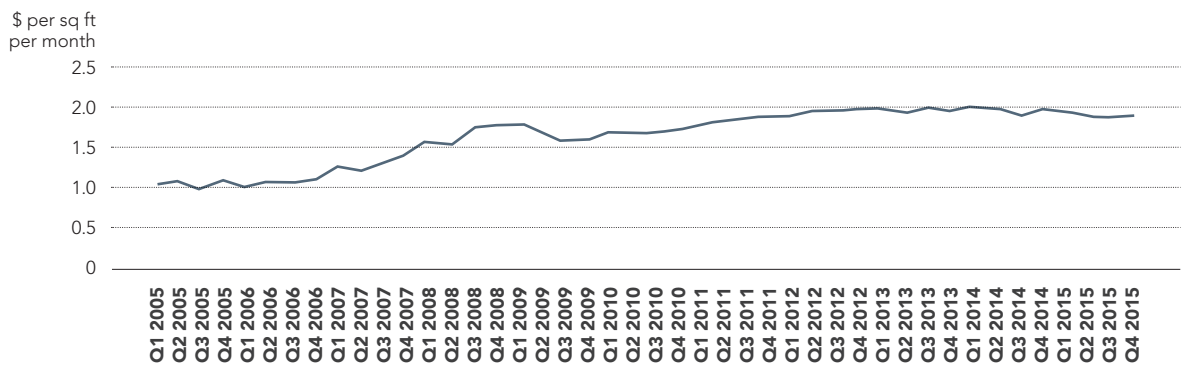
4 Figures have been rounded.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

4.4 Rental Trends

Lackluster manufacturing sector, arising from falling domestic and export orders, coupled with weaker occupancy in multiple-user factory led to a rental decline in 2015. Median monthly gross rent was down by 4.0% from the \$1.986⁵ per sq ft in Q4 2014 to \$1.90 per sq ft in Q4 2015 (Figure 4.3).

Figure 4.3: Median Gross Rent (Private Multiple-user Factory)



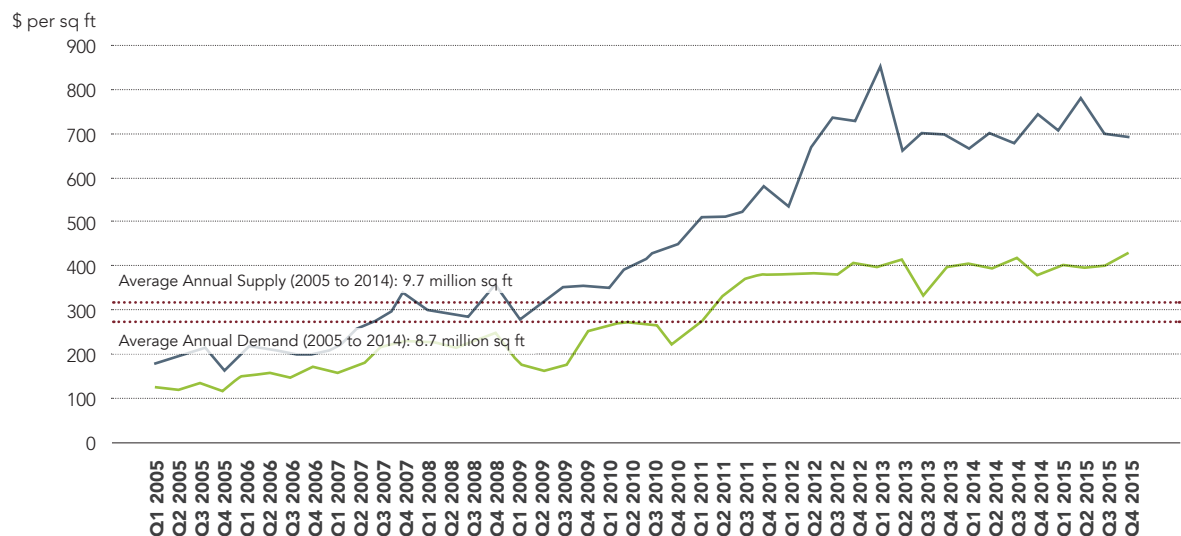
Source: URA, DTZ Consulting & Research, February 2016.

Note: Data is based on caveats lodged.

4.5 Price Trends

As at 19 January 2016, caveats lodged with the URA showed that median price for freehold and 999 years multiple-user factories declined from \$747 per sq ft in Q4 2014 to \$695 per sq ft in Q4 2015. Compared with the previous peak of \$852 per sq ft in Q1 2013, median prices as at Q4 2015 were about 18% lower. Meanwhile, median prices for 30 and 60 years largely stabilised at \$400 per sq ft in the first three quarters of 2015, before increasing to \$431 per sq ft in Q4 2015 (Figure 4.4).

Figure 4.4: Median Prices of Multiple-user Factory



Source: URA, DTZ Consulting & Research, February 2016.

Note: Data is based on caveats lodged.

— Freehold and 999 years

— 30 years and 60 years

5 All currencies in this report are in SGD, unless stated otherwise.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

4.6 Key Investment Transactions

Table 4.2 highlights the major industrial investment transactions in 2015.

Table 4.2: Major Investment Transactions (2015)

Development	Address	Tenure	NLA (Sq ft)	Vendor	Buyer	Transacted Price (\$million)	Unit Price ⁶ (\$ per Sq ft)
Starhub Green	67 Ubi Ave 1	Balance lease tenure of 80 years	405,386	Blackstone	AEP Investment Management	260	641
The Kendall	50 Science Park Road	Balance lease tenure of 64 years	181,094	Ascendas Group	Ascendas Real Estate Investment Trust (REIT)	112	618
BS Bendemeer Centre (formerly known as Cyberhub)	20 Bendemeer Road	Balance lease tenure of 50 years	175,000	Cyberhub Holdings Pte Ltd	Individual buyer	88	503
72 Loyang Way	72 Loyang Way	Balance lease tenure of 23 years	203,459 (GFA)	Technics Oil and Gas Limited	Soilbuild Business Space REIT	97*	477
Forte	29 New Industrial Road	Freehold	98,254	Ho Bee Land	Laura Ashley (Asia)	66	672

Source: Various REITs, DTZ Consulting & Research, February 2016.

* Inclusive of JTC upfront land premium.

4.7 Outlook

While most manufacturing clusters in Singapore are expected to perform moderately due to weaker economic prospects, outlook for the biomedical manufacturing industry is expected to be relatively optimistic. According to the EDB's Survey of Business Expectations of the Manufacturing Sector for Q1 2016, a net weighted balance of 17% of the firms anticipated a positive business outlook for the cluster. In particular, there are plans to introduce new products in the pharmaceuticals segment and strong export demand in the medical technology segment. In addition, the biomedical cluster saw healthy capital investments in 2015. For example, Japan's Chugai Pharmaceutical announced a \$355 million investment by 2021 in July 2015 to increase its research and development capabilities in Singapore.

Other sectors like the technology, media and telecommunications industry are also growing. More than 10 data centres have been completed in the past five years, bringing the total to more than 50 as at end September 2015. As Singapore gradually evolves into a regional hub, data centres are expected to grow, as evidenced by leading companies' expansion, such as Google's data centre in Jurong which is scheduled to complete in 2020. This also indicates foreign investors' confidence in Singapore's competitiveness over the medium-to-longer term.

Taking the overall weakness in manufacturing sector and potential supply into consideration, factory rents are expected to ease in 2016. Landlords may need to exercise greater flexibility in rental negotiation to retain tenants.

6 Based on transacted price and NLA. Figures have been rounded.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

5.0 WAREHOUSE PROPERTY MARKET OVERVIEW

5.1 Supply

Total private warehouse stock increased by 5.7% (5.1 million sq ft) to 94.6 million sq ft in 2015.

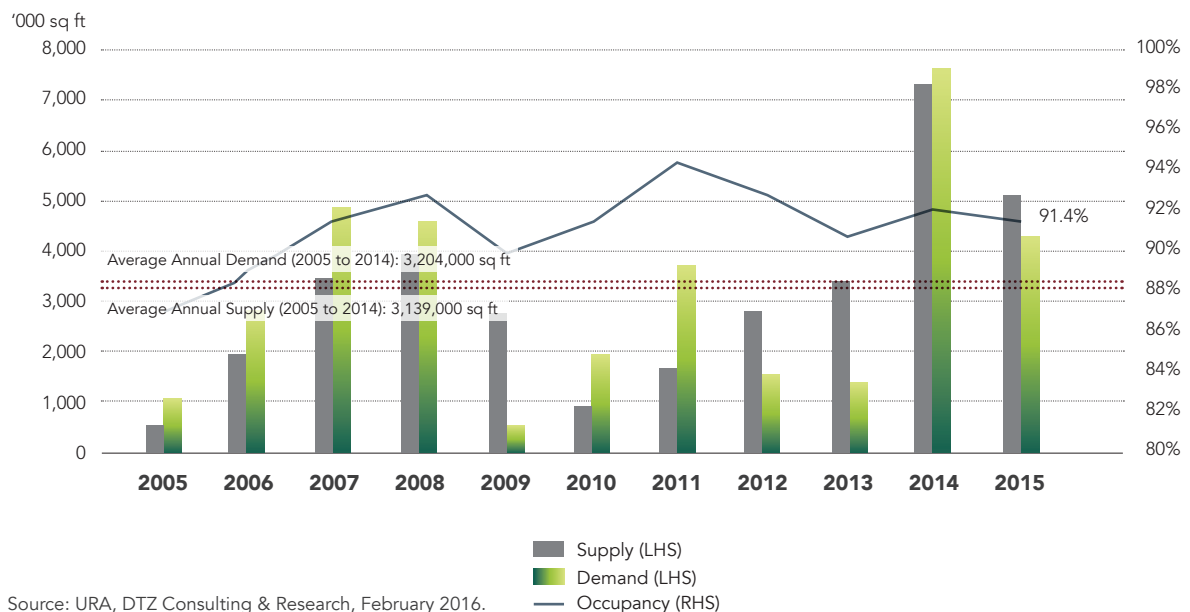
Notable completions include DHL Supply Chain Advanced Regional Centre (811,000 sq ft) at 1 Greenwich Drive, Space @ Tampines (610,000 sq ft) at Tampines Industrial Crescent and a single-user warehouse (103,000 sq ft) at Buroh Lane by Warehouse Logistics Net Asia Pte Ltd.

5.2 Demand and Occupancy

Following the peak supply and demand for private warehouse space in 2014, the private warehouse market slowed in Q1 2015. Demand contracted to -742,700 sq ft, leading to a five-year low occupancy rate of 89.9%. Notwithstanding the weak transport and storage sector, demand picked up to 2.2 million sq ft and 1.97 million sq ft in Q2 and Q3 2015 respectively. In Q4 2015, demand was significantly weaker at 0.9m sq ft. Demand declined by 43% to 4.3 million sq ft in 2015.

Net supply (5.1 million sq ft) was higher than the demand (4.3 million sq ft) in 2015. This led to a slight decline in occupancy by 0.4% points, from 91.8% in Q4 2014 to 91.4% in Q4 2015 (Figure 5.1).

Figure 5.1: Net Supply, Demand and Occupancy



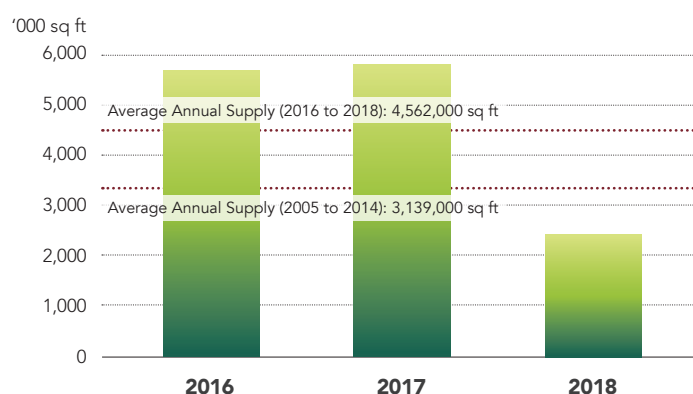
While weakness in the manufacturing sector weighed down growth of the warehouse market, the logistics and distribution segment received support from the government. In 2015, the government announced pilot programmes to boost productivity in the logistic sector. This includes a \$20 million grant to support integrated and shared delivery systems, with emphasis placed on the "last mile" of delivery.

5.3 Potential Supply

About 13.7 million sq ft of private warehouse space is in the pipeline for 2016 to 2018 (Figure 5.2). Notably, average annual supply between 2016 and 2018 (4.6 million sq ft) is higher than average annual supply of 3.1 million sq ft in the past decade (Figure 5.2).

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

Figure 5.2: Potential Supply



Source: JTC, DTZ Consulting & Research, February 2016.

Pipeline supply is predominantly single-user warehouse (85%, 10.4 million sq ft), including facilities developed by major logistics players, e.g. Hankyu Hanshin Express and Singapore Post.

Singapore Post's redevelopment will feature an estimated 469,000 sq ft of warehouse, together with an estimated 188,400 sq ft mall in Paya Lebar Central. Singapore Post positioned this development as a smart mall, by combining online and offline retail experiences. Shoppers can purchase goods in-store and their goods will be delivered home. Meanwhile, e-merchants at the mall can widen their customer base through online shopping, featuring in-shop ordering and flexibility in delivery and collection timing.

The remaining 15% (1.8 million sq ft) is multiple-user warehouse that have large NLA, e.g. Carros Centre (1 million sq ft) and a multiple-user warehouse (587,600 sq ft) at 5B Toh Guan Road by Mapletree Logistics Trust (Table 5.1).

Table 5.1: Selected Private Warehouse Developments (>300,000 sq ft) in the Pipeline Supply (Islandwide)⁷

Development/Developer	Location	Type	Estimated NLA (Sq ft)
2016			
Supply Chain City	Jurong West Street 23	Single-user	1.2m
Mapletree Logistics Trust	5B Toh Guan Road East	Single-user	587,600
Singapore Post	Greenwich Drive/Tampines Road	Single-user	469,400
City Freight Services Distripark	Gul Circle	Single-user	416,700
Hyflux Membrane Manufacturing (S)	Tuas South lane	Single-user	387,300
Tiong Woon Crane & Transport	Pandan Crescent	Single-user	304,000
2017			
Carros Centre	Jalan Lam Huat	Multiple-user	1.0m
Poh Tiong Choon Logistics	Pandan Road	Single-user	940,400
Hankyu Hanshin Express (Singapore)	Jalan Buroh	Single-user	443,300
Awan Data centre	Tuas Avenue 4	Single-user	301,900
2018			
CWT Limited	Jalan Buroh	Single-user	2.0m

Source: JTC, DTZ Consulting & Research, February 2016.

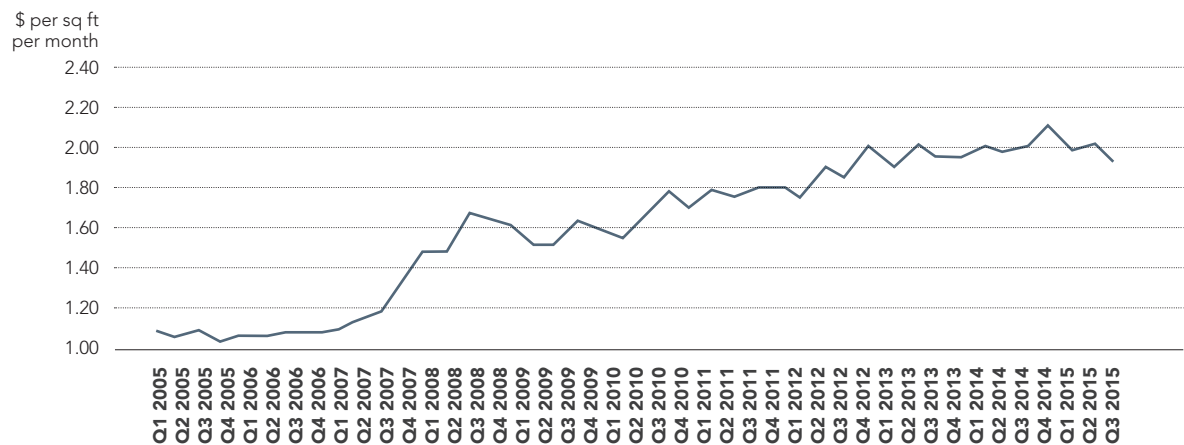
7 Figures have been rounded.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

5.4 Rental Trends

Despite a slight fall in warehouse occupancy, median monthly gross rent for private multiple-user warehouse remained stable YOY at \$2.00 per sq ft (Figure 5.3).

Figure 5.3: Median Private Multiple-user Warehouse Rent



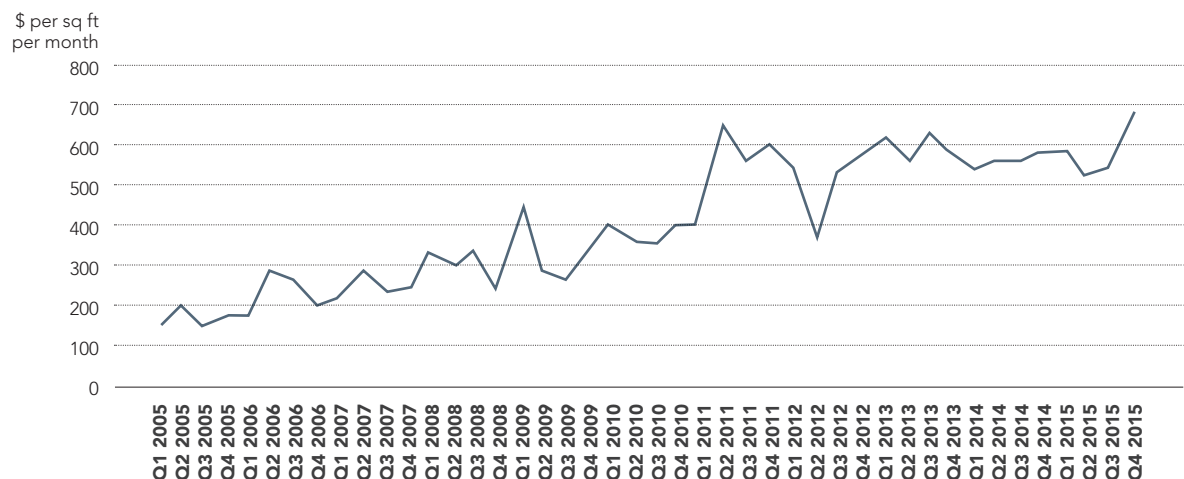
Source: URA, DTZ Consulting & Research, February 2016.

Note: Data is based on caveats lodged.

5.5 Price Trends

The imposition of government measures (i.e. SSD) and policies (i.e. TDSR) in 2013 led to a slowdown in transactional activities. As a result, median price for private multiple-user warehouse declined from \$582 per sq ft in Q4 2014 to the range of \$520-\$540 per sq ft in Q2 and Q3 2015 respectively. In Q4 2015, the median price was high at \$676 per sq ft, however, only 11 caveats were lodged for Q4 2015 and this price is unlikely to represent the market at large. Based on the caveats lodged, median prices rose by 16%, from \$582 per sq ft in Q4 2014 to \$676 per sq ft in Q4 2015 (Figure 5.4).

Figure 5.4: Median Prices of Private Multiple-user Warehouse



Source: URA, DTZ Consulting & Research, February 2016.

Note: Data is based on caveats lodged.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

5.6 Key Investment Transactions

Selected key investment transactions for warehouses in 2015 are summarized in Table 5.2.

Table 5.2: Key Investment Transactions

Development	Address	Tenure	NLA (Sq ft)	Vendor	Buyer	Transacted Price (\$million)	Unit Price ⁸ (\$ per Sq ft)
Kim Heng Warehouse	Penjuru Lane	30 year from 2011	54,000	Cache Logistics Trust	JTC Corporation	9.7	185
GKE Warehousing & Logistics	30 Pioneer Road	30 year from 2015	281,000	GKE Group	Viva Industrial Trust	45*	160
Mapletree Logistics Trust	20 Tampines Street 92	30+30 year (1 Jul 1990)	99,600	Mapletree Logistic Trust	Keppel T&T	20	200

Source: Various REITs, DTZ Consulting & Research, February 2016.

* Price for property at 30 Pioneer Road excludes upfront land premium for the balance of 30-year lease, which is estimated at \$6.1m.

5.7 Outlook

In line with the moderate outlook of the manufacturing sector, demand for traditional storage and distribution facilities is expected to be tempered in 2016. Nonetheless, there are pockets of opportunities in e-commerce. Traditional storage and distribution facilities are morphing into fulfilment centers, taking advantage of rising consumerism and untapped potential in South East Asia. This will benefit the demand for warehouse space in Singapore, as Singapore grows into a regional logistic hub with leading logistic groups expanding their footprint. The opening of DHL Supply Chain Advanced Regional Centre and Kuehne & Nagel's Singapore Logistics Hub further underscores the commitment of major players to house their operations in Singapore to support a diverse range of industries in Asia.

Despite the growth of e-commerce, business cost is likely to stay high and cost containment will be a key priority for many companies. With challenging economic conditions, warehouse rentals are expected to stay stable or ease marginally in 2016.

6.0 BUSINESS PARK PROPERTY MARKET OVERVIEW

6.1 Stock and Net Supply

In 2015, islandwide business park stock increased by 13.7% (2.0 million sq ft) to 17.0 million sq ft.

The increase came mainly from built-to-suit completions in Changi Business Park, with corporate functions ranging from global headquarters to non-core support operations. For example, Rigel Technology Global Headquarters (140,000 sq ft), Soo Kee Jewellery Research Facility (114,100 sq ft) and DBS Asia Hub Phase II (62,400 sq ft) all obtained their Temporary Occupation Permit in 2015. Viva Business Park (967,000 sq ft), which was formerly known as Technopark@Chai Chee, was rezoned from B1 space to Business Park with retail and lifestyle amenities.

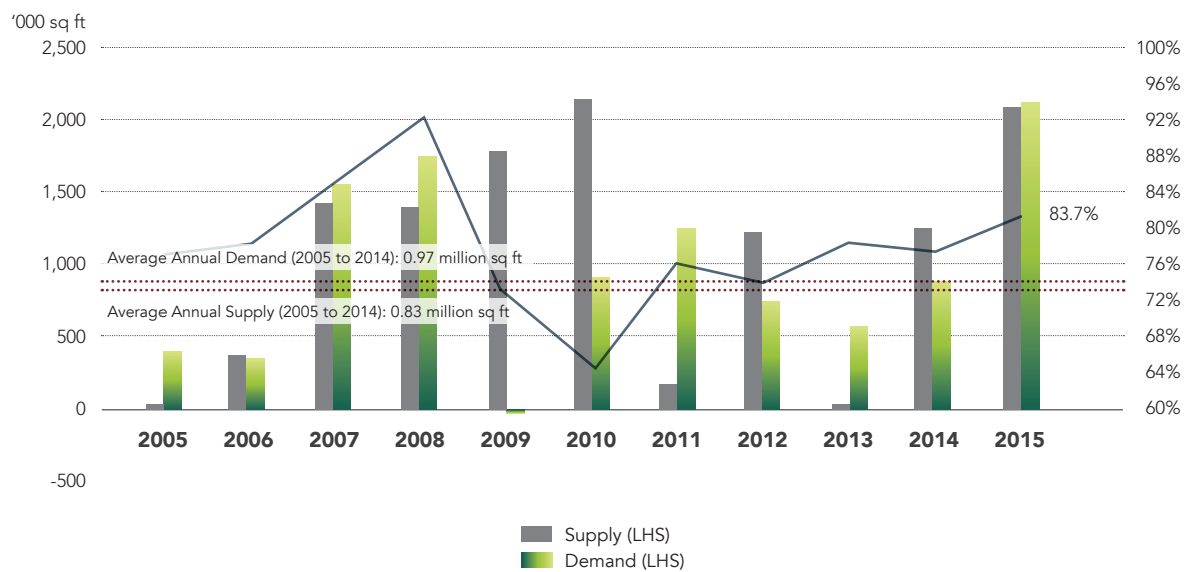
8 Based on transacted price and NLA. Figures do not add up due to rounding off.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

6.2 Demand and Occupancy

The demand of 2.1 million sq ft in 2015 is marginally higher than the net supply of 2.0 million sq ft. Demand in 2015 was the highest in the last decade, pushing occupancy higher from 81.1% in Q4 2014 to 83.7% in Q4 2015 (Figure 6.1).

Figure 6.1: Net Supply, Demand and Occupancy

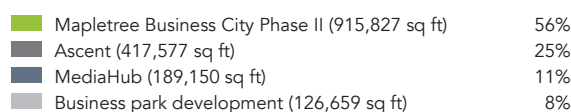


In 2015, CSC Computer Services moved from Twenty Anson to BizHub East (28,000 sq ft), while DSM Nutritional moved from 2 Havelock Road to Mapletree Business City (17,200 sq ft). In addition, some overseas companies set up their offices in business parks, e.g. HAITE Group took up 185,000 sq ft of space in Changi Business Park, while Seagate Technology opened a new \$100m design and Research & Development (R&D) center (361,000 sq ft) in Fusionopolis.

6.3 Potential Supply

There will be around 1.6m sq ft of business park space completing in 2016. Currently, there is no business park development planned beyond 2017 (Figure 6.2). With significant scheduled completion dominated by Mapletree Business City Phase II (0.9 million sq ft), potential supply in 2016 is higher than the average annual supply of 970,000 sq ft in the past decade.

Figure 6.2: Potential Supply (2016)



Source: URA, DTZ Consulting & Research, February 2016.



SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

Mapletree Business City Phase II has attracted Google and Covidien to set up their new campus there. Meanwhile, MediaHub at Ayer Rajah Crescent will be occupied by Starhub, while a business park at Vista Exchange Green is being developed by BP-Vista, a joint venture between Boustead Singapore and a Middle-Eastern sovereign wealth fund for lease (Table 6.1).

Table 6.1: Business Parks Pipeline Supply (Islandwide)⁹

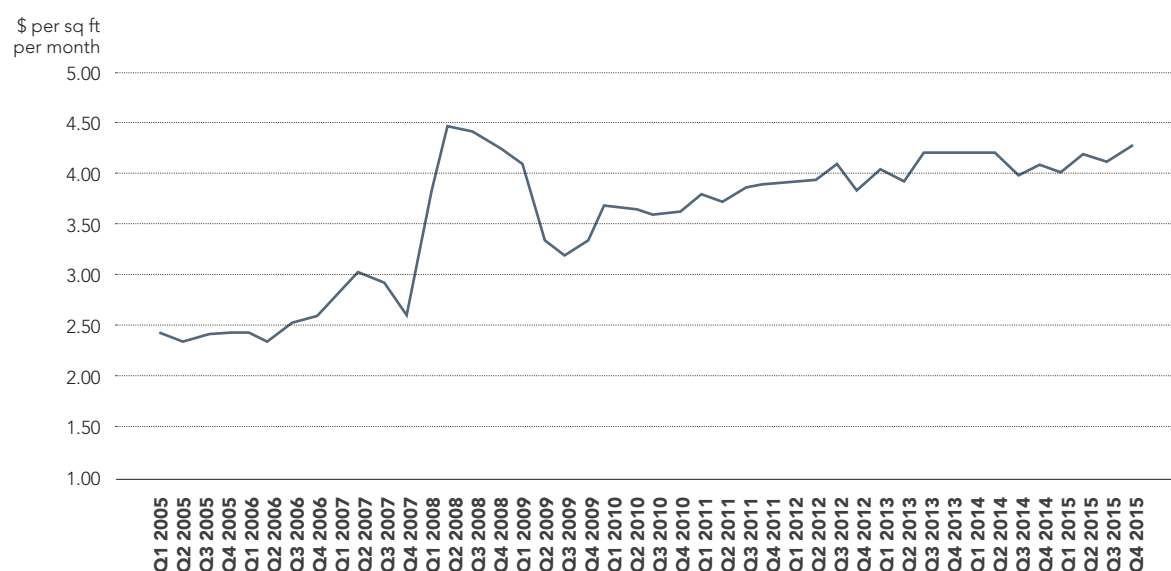
Development/Developer	Location	Estimated NLA (Sq ft)	Single-user/ Multiple-user
2016			
Mapletree Business City Phase II	Alexandra Terrace/ Pasir Panjang Road	0.9m	Multiple-user
Ascent	Science Park Drive	418,000	Multiple-user
MediaHub	Ayer Rajah Crescent	189,000	Single-user
Business park development	Vista Exchange Green	127,000	Single-user

Source: JTC, DTZ Consulting & Research, February 2016.

6.4 Rental Trends

On the back of strong demand, median monthly gross rent for business park increased in 2015, from \$4.1 per sq ft in Q4 2014 to \$4.3 per sq ft in Q4 2015 (Figure 6.3). Despite declining office rental in 2015, well-located and well-specified business park developments with lower rentals are compelling proposition for qualified companies to establish their operations.

Figure 6.3: Median Monthly Gross Rents for Business Park



Source: URA, DTZ Consulting & Research, February 2016.

9 Figures have been rounded.

SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

6.5 Outlook

Rents for business parks are expected to ease, with subdued business confidence and softening of office rents due to oversupply. The influx of potential supply in 2016, which is about 1.6 million sq ft, is more than sufficient to absorb two years of average annual demand of 0.83 million sq ft. 2016 is expected to be an opportune time for companies to review their accommodation strategies and leverage on market conditions to upgrade to better located quality space.

Limiting Conditions

Where it is stated in the report that information has been supplied to us in the preparation of this report by the sources listed, this information is believed to be reliable and we will accept no responsibility if this should be otherwise. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

The forward statements in this report are based on our expectations and forecasts for the future. These statements should be regarded as our assessment of the future, based on certain assumptions on variables which are subject to changing conditions. Changes in any of these variables may significantly affect our forecasts.

Utmost care and due diligence has been taken in the preparation of this report. We believe that the contents are accurate and our professional opinion and advice are based on prevailing market conditions as at the date of the report. As market conditions do change, we reserve the right to update our opinion and forecasts based on the latest market conditions.

DTZ gives no assurance that the forecasts and forward statements in this report will be achieved and undue reliance should not be placed on them.



24 Jurong Port Road

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BOARD OF DIRECTORS



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

DR CHUA YONG HAI, 71

Independent Chairman
Chairman of Investment Committee
Member of Nominating and Remuneration Committee

Date of appointment as Director: 28 October 2008

Date of last re-appointment as Director: 28 October 2014

Description:

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

A Singapore government scholar and an Australian Fellowship holder, Dr Chua holds a PhD in Chemical Engineering from the University of New South Wales, and a Bachelor of Science (Honours) and a Graduate Diploma in Business Administration from the then University of Singapore. He has been active in community and social work for which he has been awarded the Public Service Medal and the Public Service Star by the President of Singapore and is also a Justice of Peace. He was also previously Singapore's Non-resident High Commissioner to Namibia, Swaziland and Maldives.

Academic & Professional Qualifications:

- PhD in Chemical Engineering, University of New South Wales
- Bachelor of Science (First Class Honours), University of Singapore
- Graduate Diploma in Business Administration, University of Singapore
- Qualified Chemical Engineer

Present Directorships as at 31 December 2015:

Listed Companies

- Frasers Centrepoint Asset Management (Commercial) Ltd, the Manager of Frasers Commercial Trust

Other Principal Commitments¹

- Cambridge-MTN Pte Ltd
- Lend Lease Asian Retail Investment Fund (No.1 – No. 5) Ltd
- Singapore Cooperation Enterprise Ltd
- Justice of Peace

Past Directorships In Listed Companies Held Over The Preceding Three Years:

- Sakari Resources Ltd (delisted on 15 February 2013)
- Chiwayland International Ltd

BOARD OF DIRECTORS

MR OOI ENG PENG, 59

Independent Director
Chairman of the Audit, Risk Management and Compliance Committee
Chairman of Budget and Finance Committee
Member of Nominating and Remuneration Committee
Member of Investment Committee

Date of appointment as Director: 27 July 2012
Date of last re-appointment as Director: 27 July 2015

Description:

Mr Ooi has over 30 years of real estate experience in property investment, development, project management and fund investment, and management businesses in both Asia and Australia. Mr Ooi was previously the CEO of Lend Lease Asia, based in Singapore from 2010 to 2011. From 2006 to 2010, he was the CEO of Investment Management and Retail Asia for Lend Lease based in Singapore. Prior to his roles in Asia, he was regional CFO of Lend Lease Communities Asia Pacific (2003 to 2005), Global CFO of Lend Lease Investment Management (2002 to 2003) and CFO of Lend Lease Development (2000 to 2002), all based in Sydney.

Mr Ooi holds a Bachelor of Commerce from the University of New South Wales and is a member of the Certified Practising Accountants of Australia.

Academic & Professional Qualifications:

- Bachelor of Commerce, University of New South Wales, Australia
- Member of the Certified Practising Accountants of Australia

Present Directorships as at 31 December 2015:

Listed Companies

- Perennial Real Estate Holdings Limited

Other Principal Commitments¹

- Frasers Australand Pty Ltd

Past Directorships in Listed Companies Held Over the Preceding Three Years:

- Perennial China Retail Trust Management Pte Ltd (the Manager of Perennial China Retail Trust)

MR TAN GUONG CHING, 69

Independent Director
Chairman of Nominating and Remuneration Committee
Member of the Audit, Risk Management and Compliance Committee
Member of Budget and Finance Committee

Date of appointment as Director: 28 October 2008
Date of last re-appointment as Director: 28 October 2014

Description:

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

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

Academic & Professional Qualifications:

- Bachelor and Master of Engineering, McMaster University, Canada
- Advanced Management Programme, Wharton University
- Executive Management Programme, INSEAD

Present Directorships as at 31 December 2015:

Listed Companies

- Frasers Centrepont Asset Management (Commercial) Ltd (the Manager of Frasers Commercial Trust)
- Singapore Shipping Corporation Limited

Other Principal Commitments¹

- Asia Mobile Holding Company Pte Ltd
- Asia Mobile Holdings Pte Ltd
- Cambridge-MTN Pte Ltd
- Singapore Millennium Foundation Limited
- Singapore Technologies Aerospace Ltd
- Singapore Technologies Telemedia Pte Ltd
- STT Communications Ltd
- STT GDC Pte Ltd

Past Directorships In Listed Companies Held Over The Preceding Three Years:

- Pteris Global Limited
- Starhub Ltd

BOARD OF DIRECTORS

MR MICHAEL PATRICK DWYER, 60

Non-Executive Director
Member of the Audit, Risk Management and Compliance Committee
Member of Investment Committee

Date of appointment as Director: 7 August 2008
Date of last re-appointment as Director: 28 October 2014

Description:

Mr Dwyer is the Executive Chairman of Oxley Group, a private investment firm with investments in real estate, healthcare and food supply.

Mr Dwyer was the CEO and listed the eighth REIT on the Singapore Stock Exchange in 2006. It was the first independent cross-border listed property trust, raising \$500 million at listing.

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

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

Academic & Professional Qualifications:

- Solicitor of Supreme Court of Queensland and Federal Court of Australia

Present Directorships as at 31 December 2015:

Listed Companies

- Nil

Other Principal Commitments¹

- DMI Holdings Pte Ltd
- Eden Living Pte Ltd
- International Mezzanine Funds Group Ltd
- International Mezzanine Fund Management Limited
- International Mezzanine Fund Pte Ltd
- DAVCO Bioenergy Holdings Pty Ltd
- Oxley Global Limited and its subsidiaries and associate companies

Past Directorships in Listed Companies Held Over the Preceding Three Years:

- Nil

MR IAN ANDREW SMITH, 59

Non-Executive Director
Member of Budget and Finance Committee
Member of Investment Committee

Date of appointment as Director: 28 October 2008
Date of last re-appointment as Director: 28 October 2014

Description:

Mr Smith is currently the Head of Real Estate at NAB Asset Management, which is the direct investment management business of National Australia Bank Limited ("NAB"). His career spans business generation, funds management, engineering, project and development management.

His career history includes 17 years with Lend Lease Corporation Limited in Australia, predominantly in its real estate investment management business. He was the CEO and Director of ASX listed Lend Lease US Office Trust. He was also the Portfolio Manager of the Lazard Global Listed Infrastructure Fund, prior to joining NAB.

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

Academic & Professional Qualifications:

- Bachelor of Engineering, University of Melbourne
- Bachelor of Commerce, University of Melbourne
- Master of Engineering Science, Monash University

Present Directorships as at 31 December 2015:

Listed Companies

- Nil

Other Principal Commitments¹

- Cambridge Industrial Property Management Pte Ltd
- Presima Inc
- Orchard Street Investment Management LLP
- nabInvest (UK) Limited
- nabInvest UK RE Limited

Past Directorships in Listed Companies Held Over the Preceding Three Years:

- Nil

BOARD OF DIRECTORS

MR AKIHIRO NOGUCHI, 39

Non-Executive Director
Member of Investment Committee

Date of appointment as Director: 9 June 2014

Description:

Mr Akihiro Noguchi joined Mitsui & Co., Ltd, Tokyo in 2002 and is currently the Deputy General Manager of the Financial and New Business Department in Mitsui & Co. (Asia Pacific) Pte Ltd.

Based in Singapore, Mr Noguchi is engaged in initiating new business developments, focusing on REITS/real estate funds in ASEAN. His areas of expertise include asset management, asset finance and leasing, mergers & acquisitions and corporate risk.

Mr Noguchi holds a Master of Economics and a Bachelor of Economics from Kyushu University, Japan.

Academic & Professional Qualifications:

- Master of Economics, Kyushu University, Japan
- Bachelor of Economics, Kyushu University, Japan

Present Directorships as at 31 December 2015:

Listed Companies

- Nil

Other Principal Commitments¹

- Mitsui & Co. (Asia Pacific) Pte Ltd

Past Directorships in Listed Companies Held Over the Preceding Three Years:

- Nil

MR DAVID IAN MACGREGOR, 59

Non-Executive Director
Member of Nominating and Remuneration Committee

Date of appointment as Director: 31 October 2013

Description:

Mr MacGregor is a senior executive within National Australia Bank's Asset Management business. His responsibilities include NAB's investments in infrastructure, property and credit funds management businesses and executive and non-executive board appointments in Australia and overseas.

Mr MacGregor's career spans accountancy, corporate treasury, banking and funds management. He has been with National Australia Bank for over 20 years, involved in specialist banking activities including debt capital markets, domestic and international structured finance, project and asset finance, investment products, project finance and advisory. Over the last eight years in Asset Management, he has played a lead role in building and managing its investment management capabilities.

Mr MacGregor holds a Bachelor of Arts (Hons) from Exeter University and is a Fellow of The Institute of Chartered Accountants in England & Wales.

Academic & Professional Qualifications:

- Bachelor of Arts in Social Studies (Honors) – Accountancy, Exeter University
- Chartered Accountant (Fellow), The Institute of Chartered Accountants in England and Wales
- Associate, The Securities Institute of Australia
- Senior Associate, Australian Institute of Bankers
- Graduate Member, Australian Institute of Company Directors

Present Directorships as at 31 December 2015:

Listed Companies

- Nil

Other Principal Commitments¹

- Bastion Infrastructure Group Inc
- Cambridge Industrial Property Management Pte Ltd
- NAB Asset Management Limited
- nabInvest Capital Partners Pty Ltd
- Presima Inc
- Wiltshire Capital Limited
- Wiltshire Capital Management Ltd
- Temporary Management Co. No. 1 Inc

Past Directorships in Listed Companies Held Over the Preceding Three Years:

- Nil

BOARD OF DIRECTORS

MR PHILIP HENRY LEWIS LEVINSON, 51

CEO and Executive Director

Date of appointment as Director: 31 March 2014

Description:

Mr Levinson joined the Manager in March 2014 as CEO and Executive Director. He reports to the Board and is responsible for achieving the company's fiduciary duties to the Unitholders. He drives the overall strategic objectives of the company with the support of the management team and is responsible for managing the relationship between CIT and its stakeholders.

Prior to joining the Manager, Mr Levinson ran Blackstone's third party private placement business, Park Hill Real Estate Asia, raising real estate investment capital from pension and sovereign funds throughout the Asia Pacific region. Before that, he set up Blackstone's Australia operations in 2009, having previously run regional Investor Relations and Business Development businesses for Deutsche Asset Management (RREEF) and LaSalle Investment Management.

Mr Levinson holds a Bachelor of Laws from Bristol University. He is a fellow of the Royal Institute of Chartered Surveyors, a member of the Chartered Institute of Arbitrators, a graduate of the Australian Institute of Company Directors, a member of the Singapore Institute of Directors and was formerly a member of the Board of Directors of the Asia Pacific Real Estate Association (APREA).

Academic & Professional Qualifications:

- Bachelor of Laws, Bristol University
- Fellow, Royal Institute of Chartered Surveyors, UK
- Member, Chartered Institute of Arbitrators, UK
- Graduate, Australian Institute of Company Directors

Present Directorships as at 31 December 2015:

Listed Companies

- Nil

Other Principal Commitments¹

- Cambridge-MTN Pte Ltd
- Cambridge SPV1 LLP
- Taurus Wealth Advisors Pte Ltd

Past Directorships/Chairmanships in Listed Companies Held Over the Preceding Three Years:

- Nil

¹ The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a Director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

THE MANAGEMENT TEAM



The management team has an extensive experience and a proven track record in fund, asset and property management in Singapore and the region. A number of the management team are real estate specialists with strong credentials and investment experience.

MR SHANE HAGAN

COO and CFO (effective 28 January 2016)

Mr Hagan joined the Manager in January 2016 as COO and CFO. He reports to the CEO and oversees the financial and operational aspects of the Manager, and works alongside the Board and CEO in driving and executing the Manager's strategy for CIT. Mr Hagan has over 20 years of experience in the real estate industry across New Zealand, Australia and Singapore.

Prior to joining the Manager, Mr Hagan was most recently CEO of Soilbuild REIT, where he led the team to list the Industrial REIT on the SGX in 2013. Before this he held a number of positions at Mapletree Investments, including CFO of Mapletree Commercial Trust and he was also CFO of Lippo Mapletree Indonesia Retail Trust. He was also the CFO of the Manager of Ascendas Real Estate Investment Trust where he was involved in growing the asset base from \$500 million to approximately \$3.5 billion within 4 years.

Mr Hagan is a Singapore Citizen and holds a Bachelor's Degree in Commerce and Administration from Victoria University. He is a Chartered Accountant of the Institute of Chartered Accountants of New Zealand.

MS NANCY TAN

Head of Real Estate

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

Prior to joining the Manager, Ms Tan was the Fund Manager of MacarthurCook Industrial REIT. She also held management positions in a number of established real estate firms, including Far East Organisation and City Developments Limited.

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

MS ELENA ARABADJIEVA

Head of Investor Relations and Corporate Communications

Ms Arabadjieva joined the CIT Manager in August 2015 as Head of Investor Relations and Corporate Communications. She reports to the CEO and oversees the full communications portfolio of the Manager which includes investor and media relations, as well as stakeholders' engagement. She has over 15 years of experience in Asia.

Prior to joining the Manager, Ms Arabadjieva was the Director of Investor Relations in Genting Singapore where she oversaw the relationship with more than 20 analysts and more than 1000 active institutional investors. She was also the Director of Marketing and Communications of Suntec Singapore International Convention and Exhibition Centre and instrumental in winning multiple awards for innovative marketing campaigns.

Ms Arabadjieva holds a Masters' Degree of Architecture from the University of Architecture, Civil Engineering and Geodesy (Bulgaria) and an MBA from INSEAD (France/Singapore).

THE MANAGEMENT TEAM

MS LOY YORK YING

Head of Compliance

Ms Loy joined the Manager in June 2014 as Head of Compliance. She reports to the CEO and is responsible for all internal and external compliance requirements for the Trust, the Manager and all other related companies of the Manager. She has over 10 years of experience in regulatory and compliance requirements in the financial services industry.

Prior to joining the Manager, Ms Loy was the Head of Regulatory Advisory and Policy, Compliance in Maybank Singapore and was responsible for the oversight and management of all compliance-related requirements of Singapore branch. Prior to that, she also managed the portfolio and provided financial advisory services to high net-worth individuals with DBS Bank Ltd and UOB Ltd.

Ms Loy holds a Bachelor of Business (Banking) from Nanyang Technological University. She also holds the Institute of Banking and Finance Advanced, Compliance (Banking) Certification.

MS FRECY BASTIAN

Head of HR and Corporate Services

Ms Bastian joined the Manager in September 2007 as Executive, Corporate Services and was appointed as Head of HR and Corporate Services in January 2015. She reports to the CEO and is responsible for all human resource and personnel matters, including Information Technology and Office administration functions. She has over 10 years of experience in corporate office operations in various industries in Singapore and the Philippines.

Prior to joining the Manager, Ms Bastian was the Team Coordinator of Rohde & Schwarz (Philippines) and the Associate Editor of Communication Asia, the publisher of School Guide Magazine.

Ms Bastian holds a Master's Degree in Business Administration from University of Hull (UK), a Bachelor of Science in Journalism from Lyceum of the Philippines and Certification in Human Resource Management from HR Singapore.

MR JOEL CHEAH

Treasurer

Mr Cheah joined the Manager in October 2011 as Business Analyst and was appointed as Treasurer in July 2015. He reports to the COO and CFO and is responsible for the management of capital structure, treasury, funding, credit and research for CIT. He has over 8 years of experience in capital markets, corporate development and investment analysis.

Prior to joining the Manager, he was the Assistant Manager in the Planning Group of Sumitomo Mitsui Banking Corporation.

Mr Cheah holds a Master's Degree in Science (Real Estate) from National University of Singapore and a Bachelor of Business (Honours) from Nanyang Technological University. He is also a Chartered Financial Analyst, certified by the CFA Institute (United States).

MR SIM THIAM MENG

General Manager of CIPM

Mr Sim joined CIPM in July 2007 as Senior Property Manager and was appointed as General Manager in January 2016. He reports to CIPM's Board of Directors and is responsible in leading the property management team in fulfilling its responsibilities to CIT. He works closely with CITM's CEO and Head of Real Estate in developing and implementing effective business plans that will improve the operational efficiency of CIPM. He has over 15 years of experience in property management and project development works in Singapore.

Prior to joining the CIT Property Manager, Mr Sim was a Senior Property Management Officer in JTC Corporation and a Trainee Engineer in Chicago Bridge and Iron LLC.

Mr Sim holds a Bachelor of Science in Real Estate (Property Management) from the National University of Singapore and a Diploma in Building Services Engineering from Ngee Ann Polytechnic.

SUSTAINABLE BUSINESS



As the Manager of CIT, we make sure that our business practices are considerate towards the environment and the community we operate in. We believe that operating our business in a sustainable way is not only “the right thing to do”, but also has a long-term profound positive effect on our business.

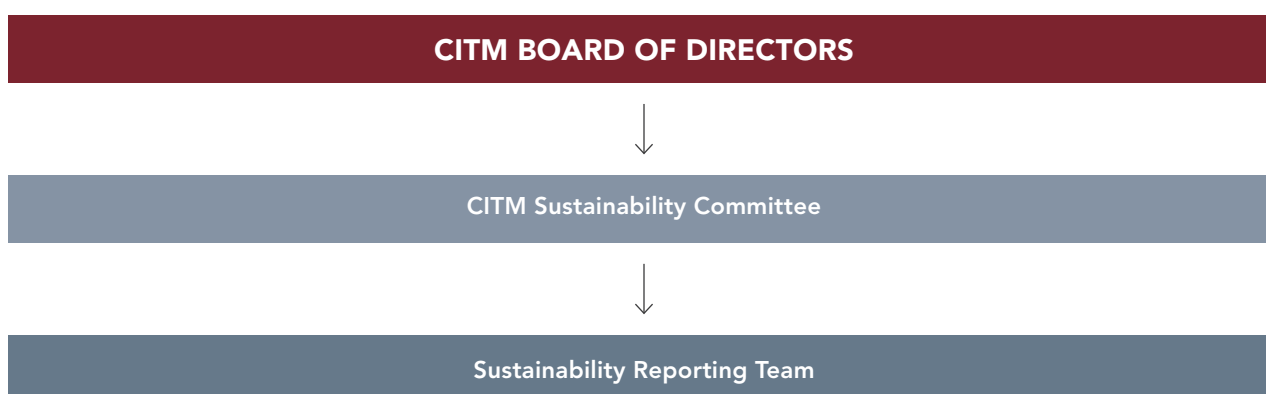
Corporate Governance

Good governance is the cornerstone of sustainability and as the Manager of CIT, upholding high standards of corporate governance is the key to protecting the assets of CIT, the interests of its Unitholders and enhancing the value of Unitholders’ investment. Appointing qualified and experienced professionals is key to gaining the trust of Unitholders. Responsible leadership leads to improved business continuity in the long term and creates stability in the financial markets and economy that CIT operates in.

Responsibility for Sustainability

In view of the proposed listing rule 711(B) requirements on sustainability reporting, the Manager has established a Sustainability Reporting Team which reports directly to the CITM Sustainability Committee (“Committee”) (Figure 1). Under the guidance of the Board, the Committee is responsible to integrate sustainability principles and policies throughout the business in the coming years.

Figure 1: Sustainability Reporting Committee Structure



SUSTAINABLE BUSINESS

Product Responsibility

In line with its core strategies and commitment to produce sustainable growth and value for Unitholders, CIT must continue to attract and retain high quality tenants. This is dependent upon CIT providing high quality assets and services, in a safe and secure environment and through seeking and responding to feedback from tenants with their best interests in mind.

Quality of Assets and Services

The quality of assets and services influences the capital value and income generation of CIT, which is critical to the interest of unitholders. As such, The Manager has put in place Key Performance Indicators ("KPIs"), carried out initiatives to uphold quality, and aims to achieve certifications and awards. The Green Mark certifications and Solar Pioneer Awards (Table 1) are such examples. The Manager's commitment to quality is also evident through the careful selection of reputable vendors and suppliers whereby their work is subject to annual quality assessment.

Table 1: List of Certification and Awards

Name of Awards/ Certifications/ Ratings/ Labelling Schemes	Name of Property (Country)	Year of Award
Awards		
Solar Pioneer Award 2015	43 Tuas View Circuit 25 Pioneer Crescent 24 Jurong Port Road 9 Bukit Batok Street 22 3C Toh Guan Road East 23 Woodlands Terrace 55 Ubi Avenue 3 11 Serangoon North Avenue 5 54 Serangoon North Avenue 4 3 Pioneer Sector 3	2015
Solar Pioneer Award 2014	30 Toh Guan Road	2014
Certifications		
BCA Green Mark 'Gold' Certification	3 Pioneer Sector 3 (New Warehouse)	2015
BCA Green Mark 'Certified' Certification	21B Senoko Loop	2015
BCA Green Mark 'Certified' Certification	88 International Road	2014
BCA Green Mark 'Certified' Certification	30 Toh Guan Road (Annexed warehouse)	2012

Our People

Talent Attraction and Retention

Research has shown the strong link between job satisfaction and performance, employee engagement, productivity and employee wellness to reduced absenteeism lower turnover and higher productivity. These social measurements can impact business performance and Unitholders' returns. The Manager recognises that this is even more important to a lean workforce. CIT's sustained growth is dependent on the quality of its human capital that in turn attracts good tenants, builds strong relationships and maintains business continuity. To attract and retain an experienced and

diverse pool of talent, the Manager continuously engages its employees to seek feedback and improvements. In addition, the Manager provides competitive staff benefits, remunerates employees fairly and invests in developing their skills and careers.

The Manager also provides benefits to parents such as employer subsidised parental leave. During the year, 11 employees took parental leave which was an increase from 8 employees in 2014. For both years, all employees who utilised parental leave returned to work in the same or comparable position. All this highlights the Manager's approach to retain experienced employees.

SUSTAINABLE BUSINESS

The Team Profile

The Manager had total staff strength of 26 employees as at 31 December 2015, comprising full-time and part-time staff which the latter made up of temporary staff and interns. Out of this total headcount, the majority CIT's employees

are Singaporeans aged below 40 years of age. This reflects the Manager's preferred policy to employ staff with local experience. The charts below show gender composition and employment category (Figure 2, Figure 3).

Figure 2: Employee Gender Composition in Percentage

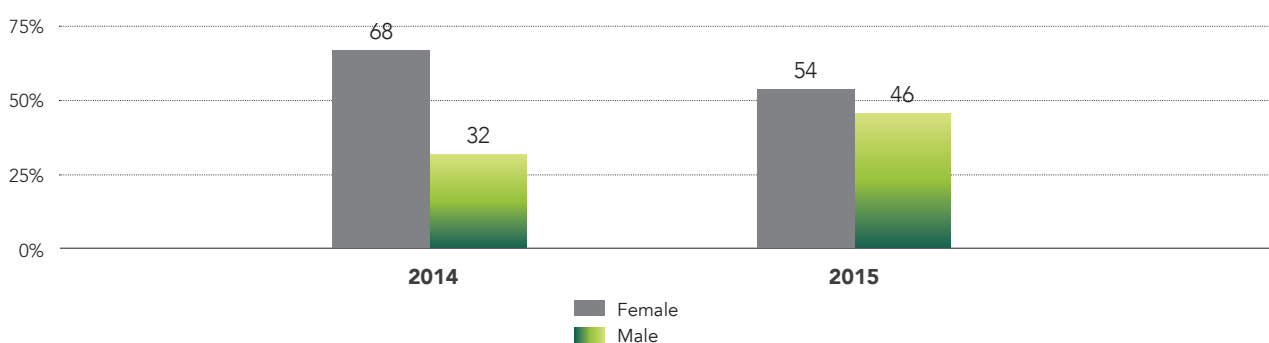
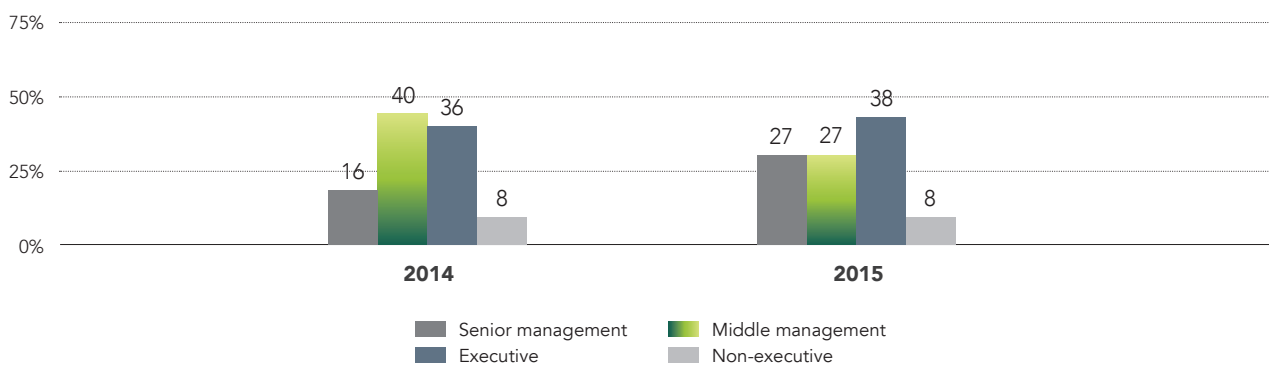


Figure 3: Employment Category in Percentage



Employee Wellness and Engagement

The Manager strongly believes that focus on employees' well-being is top priority because it is linked to greater job satisfaction, which in turn lowers turnover rates and increases productivity. The Manager has developed a Helping Employees Achieve Lifetime Health (HEALTH) Charter that emphasises an integrated workplace health programme which enables the employees to achieve an optimum level of physical, mental and social well-being. As part of HEALTH, the Manager aims to implement activities that enhances the health and well-being of staff through weekly exercises, health talks and workshops.

Environment

The Manager is also committed to reducing its environmental impact, aspiring to be one of the Greenest Industrial REITs in South East Asia. This is in response to the increasing expectations from investors and tenants to reduce environmental impact and in turn lower operating costs over the long term.

The Manager targets a 5% reduction of Energy Use per unit GFA – Energy Utilisation Index over the five year period from 2016 to 2020. The total landlord energy consumption in 2015 was 9,146,057kWh, of which 741,245 kWh was generated by in-house solar energy

SUSTAINABLE BUSINESS

harvesting. The installation of solar panels has contributed to a reduction of 320,366 Kg CO² emissions, and supports Singapore's efforts to combat the impacts of climate change. In addition, the Manager entered into bulk

electricity procurement agreements with power suppliers directly and together with solar energy harvesting, CIT's total energy bill was reduced by approximately \$300,000 during FY2015.

Electricity Consumption

- 9,146,057 kWh
- Equivalent to energy consumption by an estimated of 1,625 5-room HDBs and executive flats for a year

Electricity Consumption Intensity

195 kWh/m²

CO² Emissions Released

- 3,632,560 kg CO²e
- Equivalent to taking an estimated 686 economy class airplane trips around the world

CO² Emissions Intensity

77.3 kg CO²/m²

Water Consumption

- 77,411 m³
- Equivalent to filling an estimated 31 Olympic-sized swimming pools



Detailed Sustainability Report

We strongly believe that in the long term our focus on sustainability will place us in a stronger position to create value for our Unitholders while looking after our broader stakeholder community. To reflect this belief, for the first time, CIT will publish a standalone sustainability report, prepared in accordance with the Global Reporting Initiative

("GRI") G4 Guidelines – Core. The report covers the governance, social and environmental performance of the Manager for all properties in Singapore for 1 January 2015 to 31 December 2015 and the highlights in the "Sustainability section" above outline the key information that you will find in this report.

CORPORATE GOVERNANCE

CIT, constituted as a trust, is externally managed by CITM. CIT has no personnel of its own. CITM appoints qualified and experienced executives to manage its operations.

The Manager is committed to maintaining high standards of corporate governance in line with the Singapore Code of Corporate Governance. The Board and Management believe that sound corporate governance policies and practices are essential to protect the assets of CIT and interests of its Unitholders and to enhance the value of Unitholders' investment in CIT.

The Manager has general powers of management over the real estate and real estate related assets of CIT. The Manager's main responsibility is to manage CIT's assets and liabilities for the benefit of the Unitholders. It sets the strategic direction of CIT and gives recommendations to the Trustee on the acquisition, property development, divestment and/or enhancement of assets of CIT in accordance with its stated investment strategy. The Manager is also responsible for the capital and risk management of CIT. In executing its strategy, the Manager is responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, including the Rules of the SGX-ST Listing Manual ("Listing Manual"), the Code on Collective Investment Schemes (including its property funds appendix ("Property Funds Appendix") and the Trust Deed.

The Manager also supervises the performance of the Property Manager to ensure that it meets its objectives pursuant to the property management agreement.

The Manager holds a Capital Markets Services Licence ("CMS Licence") issued by the Monetary Authority of Singapore ("MAS") to carry out REIT management under the SFA. Under its CMS Licence, the Manager appoints certain of its officers and staff as its representatives to conduct REIT management activities on its behalf.

This report provides an insight on the Manager's corporate governance framework and practices in compliance with the Code of Corporate Governance 2005 and the revised Code issued by the MAS in 2012 ("the Code"). Any deviations from the Code are explained.

Significant Management Changes During Reporting Period

- Mr David Mason, resigned as COO and CFO on 15 January 2016.
- Mr Shane Hagan, was appointed as COO and CFO on 28 January 2016.

Accessibility of Annual Report

Limited copies of the annual report were printed, however a PDF version is available for download from the corporate website: www.cambridgeindustrialtrust.com

Principles and Guidelines of the Code of Corporate Governance 2012 Code

Board Matters

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| Principle 2: | Board Composition and Guidance |
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Accountability and Audit

- | | |
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| Principle 10: | Accountability |
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Unitholder Rights and Responsibilities

- | | |
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CORPORATE GOVERNANCE

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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

The functions of the Board are defined broadly as follows:

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

The Board oversees a system of internal controls and business risk management processes that set the guidelines which govern matters reserved for the Board's decision and approval. This includes approval limits for investments and divestments, bank borrowings, capital expenditure and cheque signatories. Appropriate delegation of authority for approval of capital and operating expenditure and specified financial transactions are also provided at Management level to facilitate operational efficiency.

Various Board Committees, namely the ARCC, Nomination and Remuneration Committee ("NRC"), Budget and Finance Committee ("BFC") and Investment Committee ("IC") have been constituted with clear written terms of reference to assist the Board in the discharge of its functions. Each of these Board Committees operates under delegated authority from the Board. The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

The Board meets at least once every quarter, and on such other occasions that necessitate its involvement. Members of the Board also meet periodically without the presence of Management to discuss and review Management performance. Where exigencies prevent a Director attending a Board meeting in person the Manager's Articles of Association permit Board meetings to be held by way of telephone conference or by means of similar communication equipment by which all persons participating in the meeting are able to hear and be heard by all other participants. The Board and Board Committees may also make decisions by way of resolutions in writing.

CORPORATE GOVERNANCE

A total of four Board meetings were held in FY2015. A separate annual offsite meeting was held with senior management to strategise and plan CIT's longer term

strategy. A table showing the attendance record of Directors at Board and Board Committees meetings during FY2015 is set out as follows:

Board Members	Board Meetings ¹		ARCC		NRC	
	Held	Attended	Held	Attended	Held	Attended
Dr Chua Yong Hai	4	4	N.A.	N.A.	8	8
Mr Ooi Eng Peng	4	4	4	4	8	8
Mr Tan Guong Ching	4	4	4	4	8	8
Mr Michael Patrick Dwyer	4	4	4	4	N.A.	N.A.
Mr Victor Ong Wei Tak ² (alternate to Michael Patrick Dwyer)	4	–	N.A.	N.A.	N.A.	N.A.
Mr Akihiro Noguchi	4	4	N.A.	N.A.	N.A.	N.A.
Mr Ian Andrew Smith	4	4	N.A.	N.A.	N.A.	N.A.
Mr David Ian MacGregor	4	4	N.A.	N.A.	8	8
Mr Philip Henry Lewis Levinson ³	4	4	4	4	N.A.	N.A.

Composition of the Board

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders⁴. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board is represented by members with a breadth of expertise in banking, finance, accounting, real estate, law and management. It comprises eight members, of whom three are Independent Non-Executive Directors. The CEO is the only Executive Director on the Board.

The Board members as at 31 December 2015 are as follows:

Name of Directors	Board	ARCC	NRC	BFC	IC
Dr Chua Yong Hai	Chairman Independent, Non-Executive Director	–	Member	–	Chairman
Mr Ooi Eng Peng	Independent, Non-Executive Director	Chairman	Member	Chairman	Member
Mr Tan Guong Ching	Independent, Non-Executive Director	Member	Chairman	Member	–
Mr Michael Patrick Dwyer	Non-Executive Director	Member	–	Member	–
Mr Ian Andrew Smith	Non-Executive Director	–	–	Member	Member
Mr David Ian MacGregor	Non-Executive Director	–	Member	–	–
Mr Akihiro Noguchi	Non-Executive Director	–	–	–	Member
Mr Philip Henry Lewis Levinson	CEO and Executive Director	–	–	–	–

1 Not including other meetings attended by Directors with Management.

2 Mr Victor Ong Wei Tak resigned as alternate Director to Mr Michael Patrick Dwyer with effect from 12 November 2015.

3 Mr Philip Henry Lewis Levinson, being also the CEO attends all ARCC meetings although he is not a member of the ARCC.

4 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

CORPORATE GOVERNANCE

The Board believes that the current board size, composition and balance between Executive, Non-Executive and Independent Directors is appropriate and provides sufficient diversity without interfering with efficient and effective decision-making. It allows for a balanced exchange of views, robust deliberations and debates among members and effective oversight over Management, ensuring no individual or small group dominates the Board's decisions or its process.

With the background of skills, experience and core competencies of its members, the Board is of the view that it has the appropriate mix of expertise, experience and skills needed in the strategic direction and planning of the business of CIT.

The composition of the Board is reviewed periodically to ensure that the board size is appropriate and comprises Directors with an appropriate mix of expertise, skills and experience to discharge their duties and responsibilities.

The Board also reviews periodically and at least annually the independence of its Directors based on guidelines set out under the Code. An independent Director is one who has no relationship with the Company, its related corporations, its shareholders who hold 10% or more of the voting shares of the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement. In respect of financial year ended 31 December 2015, Dr Chua Yong Hai, Mr Ooi Eng Peng, and Mr Tan Guong Ching are considered independent.

To enable the Board of Directors to be able to properly discharge their duties and responsibilities as Board or Board Committee members, the Board is provided with routine updates on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting CIT and/or the Manager. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties. During the year, the Board was briefed by the Management, WongPartnership LLP as well as auditors on regulatory updates such as changes in the REIT regulations, SGX-ST Main Board Listing Rules,

Companies Act amendment, brief introduction on the Guidebook for Audit Committees in Singapore and MAS Notice on Prevention of Money Laundering and Countering The Financing of Terrorism.

Newly appointed Directors are given induction trainings on joining the Board together with an induction pack which includes constitutional documents of CIT and the Manager, contact information of each Board member, Management staff and Company Secretary. The training covers business activities of CIT, its strategic directions and policies, the regulatory environment in which CIT and the Manager operate, and the Manager's corporate governance practices, statutory and other duties and responsibilities as Directors. Where a Director has no prior experience as a director of a listed company, further training in areas such as accounting, legal and industry-specific knowledge is provided.

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

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

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

CORPORATE GOVERNANCE

The Chairman of the Board is an Independent Director. He leads the Board, ensures its effectiveness on all aspects of its role; sets its meeting agenda and ensures that adequate time is available for discussion for all agenda items; promotes a culture of openness and debate at the Board; arranges for Directors to receive accurate, timely and clear information; monitors the CEO's effective communication with Unitholders and other stakeholders; encourages constructive relations within the Board and between the Board and Management; facilitates the effective contribution of non-executive directors and promotes high standards of corporate governance in general.

The CEO has full executive responsibilities over the business direction and operational decisions in managing CIT and is responsible for implementing the CIT's strategies and policies. He ensures the quality and timeliness of the flow of information between Management and the Board, Unitholders and other stakeholders.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating and Remuneration Committee

The Manager has established a NRC to make recommendations to the Board on all Director appointments and related matters including the following:

- The review of structure, size and composition of the Board and Board Committees;
- The review of succession plans for the Directors, CEO and key management staff;
- The appointment and re-appointment of all Directors (including any Alternate Director);

The NRC comprises of four Directors, the majority of whom, including the Chairman of the NRC, are independent; namely:

1	Mr Tan Guong Ching	Chairman
2	Dr Chua Yong Hai	Member
3	Mr Ooi Eng Peng	Member
4	Mr David Ian MacGregor	Member

Process and Criteria for Appointment of Directors

The NRC shall make recommendations to the Board on all Board appointments, re-appointments and composition of the Board, taking into account the balance between Executive and Non-executive Directors, Independent and Non-independent Directors, the scope and nature of the operations of CIT and the requirements of the business.

In addition, the NRC takes into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity. The NRC identifies suitable candidates with skills and experience that will complement the existing Board and ensure that the candidate has sufficient time available to commit to his responsibilities as a Director for appointment to the Board. During the search process, the NRC may also tap on the personal contacts of current Directors and senior management for recommendations of prospective candidates. The NRC will also consider professional networking sessions, inputs from the Manager's shareholders, and the use of third party executive/board search firms at the company's expense. Nominations of incoming Directors may be made by any of the Manager's shareholders and are openly discussed and objectively evaluated by the NRC before any appointment and/or reappointment is made. Appointment of Directors is also subject to MAS approval.

Annual Review of Directors' Time Commitments

The Code requires listed companies to fix the maximum number of Board representations on other listed companies that their Directors may hold and to disclose this in their annual report.

Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director with multiple board representations may hold, the NRC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of CIT. The Board is of the

CORPORATE GOVERNANCE

view that such appointments do not hinder the Directors from carrying out their duties as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold.

Key Information Regarding Directors

The following key information regarding Directors are set out in the following page of this Annual Report.

Pages 66 to 70: Academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a Director, date of last re-appointment as a Director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The Board has in place a formal process to annually assess the effectiveness of the Board and the ARCC through feedback from individual Directors on areas relating to the Board's and ARCC's competencies and effectiveness.

All Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board and the ARCC performance so as to assess the overall effectiveness of the Board and the ARCC. The results of the evaluation will be reviewed by the Board. Action plans will be implemented for areas which the Board are of the view that improvements are required to enhance the overall effectiveness of the Board and the ARCC.

Individual Director's performance is evaluated annually and informally on a continual basis by the Board. The criteria taken into consideration include the value of contribution to the development of strategy, attendance at Board and

ARCC meetings, the degree of preparedness, industry and business knowledge and experience each Director possesses which are crucial to the business of CIT and the Manager.

In summary in FY2015, the Board was generally satisfied with its achievements. A need to appoint more Independent Directors to meet with the new regulatory requirement was noted.

Access to Information

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors have unrestricted access to CIT's and the Manager's records and information. A Deed of Access, which sets out their rights to access or inspect the records and information, is issued to Directors upon their appointment.

The Board is provided with timely and complete information both prior to board meetings and on an ongoing basis so as to allow the Board to make informed decisions to discharge its duties and responsibilities. Generally, board papers are distributed at least one week prior to Board meetings to ensure that Directors have sufficient time to review the information provided. However, sensitive matters may be tabled at the meeting itself, or discussed without papers being distributed.

The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of CIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.

CORPORATE GOVERNANCE

A one day off-site board strategy meeting is organized annually for in-depth discussion by the Board and the Management on strategic issues and directions pertaining to CIT and the Manager.

In addition to and independent of the information provided above, Management remains available at all times to answer any query raised by any Director. Frequent dialogue and interaction take place between Management and the Directors. The Directors are thus able to access the Manager's operations and information at a deeper level, allowing them to better strategise and guide CIT in their role as Directors. Furthermore, the Board Papers Portal allows Board members to securely access and read Board/Board Committee papers and materials electronically at any place and any time, using the Directors' tablet devices.

Board members have separate and independent access to Management as well as to the Company Secretary. The Company Secretary attends all Board meetings and ensures that board procedures and applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is subject to Board's approval. The Company Secretary, together with the CEO ensures good information flows between Management and the Directors.

The Board takes independent professional advice as and when necessary, with approval from the Chairman, to enable it to discharge its responsibilities effectively. Individual Directors can seek independent professional advice with the consent of the Chairman or ARCC Chairman. For complex matters, the Board may from time to time appoint a sub-committee to assist the Board in its deliberations and to provide recommendations.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Procedures for Developing Remuneration Policies

CIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own.

Through the NRC, the Board has instituted a formal and transparent procedure in developing remuneration policies and framework relating to the CEO and Non-executive Directors. Directors' fees and the CEO's remuneration, including all employees of the Manager are paid by the Manager and not the Trust. There are no directors' fees paid to the CEO and Non-Independent Non-Executive Directors.

Guided by the Remuneration Framework, NRC with the endorsement of the Board, reviews on periodic basis:

- the directors' fees and allowances provided to the Independent Directors
- remuneration components of the CEO, as well as the Key Management Personnel. Directors do not decide on their own fees.

Directors' Fees

All Independent Directors are appointed for a period of 3 years and is subject to extension for a further 3 years at the discretion of the Board and the shareholders. Accordingly,

CORPORATE GOVERNANCE

the Independent Directors' fees are established once every 3 years. The fees are dependent on the level of responsibilities at the Board level, and where applicable, additional responsibilities given in other committees set up by the Board. The Independent Directors are paid a basic fee and where applicable, additional fees are paid for additional responsibilities. The Chairman of the Board and ARCC is paid a higher fee compared with members of the Board and ARCC in view of greater responsibilities carried by that office. Most recently in 2015, the NRC, IC and BFC were established. No additional fees were paid to members of these committees for this period.

CEO and Key Management Personnel's ("KMP") Remuneration

The NRC reviews the remuneration of the CEO and the KMP of the Manager annually or as and when there is a significant change to the structure of the Manager. The remuneration components include fixed pay, fixed allowances, short-term incentive bonus (also known as annual performance bonus) and long-term incentive bonus.

The Manager's Remuneration and Benefits Policy are aligned to performance management in view that an equitable and fair reward system drives organisational performance. It is also designed to attract, motivate and retain high-performing staff. On a periodic basis, the Manager conducts an independent remuneration study to align internal remuneration to market and industry practices taking into consideration the size of the REIT as well as the employees' responsibilities, work experience and educational qualifications. The Manager carries out a formal bi-annual performance review process to re-enforce strengths, identify improvements and plan for the progressive development of the employees.

The Key Performance Indicators ("KPI") set for the CEO are linked to the performance of the Trust in terms of growth and risk management. The long-term incentives ("LTIs") are determined by the Board on a non-discretionary basis.

To date, only the CEO and a few selected Heads of the Departments are on the LTI programme, as they have direct influence in driving the performance of the Trust. The CEO's LTIs are cascaded to the KMP, and adjusted to their own areas of expertise. The LTI is distributed annually in five tranches for the CEO and in three years for the KMP, allowing continuity of commitment to the Unitholders.

LTIs for 2015 were stretched targets set for management, which covered:

- a) growth in Assets under Management;
- b) increase in unit price;
- c) growth in total unit holders returns; and
- d) sustainability of CIT profit

During 2015, none of these targets were met as the market proved to be a relatively tough market, in terms of acquisitions and growth in NPIs as explained elsewhere in the Annual Report.

All employees of the Manager undergo the bi-annual review process where the individual's performance forms 50% of the assessment; the other 50% is based on the company's performance relative to the Trust's performance. The KPIs of each staff are apportioned from their respective heads of departments and closely monitored during informal discussions between the managers and the staff. At year-end, performance assessments are conducted with ratings for each employee within each department. Additional weightage is given to staff who are on roles that are directly impacting the performance of the Trust.

The Company conducted a remuneration review through an independent advisor McLagan/AEO Hewitt in late 2014 to assess the competitiveness of the staff remuneration compared to the market. The results have led to the first company-wide salary adjustment in FY2015. Each staff was also evaluated to ensure that they are in the most appropriate role and their remuneration was adjusted according to the market standards.

To further align the interests of the CEO and the Manager's employees with that of the Unitholders, both CEO and staff are rewarded, subject to the Board's discretion, CIT Units owned by the Manager through the Employee Shares Incentive Program.

To date, no employee share option schemes have been implemented by CIT.

CORPORATE GOVERNANCE

For the FY2015, there were no employees who were immediate family members of a Director or the CEO or any of the existing staff.

The Directors' fees paid to the Independent Directors for FY2015 were as follows:

Name of Director	Base / Fixed Salary (In % or dollar term)	Variable or Performance-related income / Bonuses (In % or dollar term)	Benefits-in-kind (In % or dollar term)	Share-based incentives and awards (In % or dollar term)	Stock options granted (In % or dollar term)	Other long-term incentives (In % or dollar term)	Directors' Fee (In % or dollar term)	Total (to the nearest \$000')
Executive Director/CEO								
Mr Philip Henry Lewis Levinson	89	9.7	0.6	0.7	–	–	100	630
Independent Non-Executive Director								
Dr Chua Yong Hai	–	–	–	–	–	–	100	130
Mr Ooi Eng Peng	–	–	–	–	–	–	100	88
Mr Tan Guong Ching	–	–	–	–	–	–	100	82

Remuneration of the top five key management personnel (who are not Directors or the CEO) in bands of \$250,000 were as follows:

Name of top 5 key management personnel	Base / Fixed Salary (In %)	Variable or Performance-related income / Bonuses (In %)	Benefits-in-kind (In %)	Share-based incentives and awards (In %)	Stock options granted (In %)	Long-term incentives (In %)	Total (In %)
Above \$250,000 to \$500,000							
Mr David Mason	61.7	10.4	1	9.2	–	17.6	100
Ms Nancy Tan	54.4	19.6	0.8	9.9	–	15.2	100
Below \$250,000							
Ms Elena Arabadjieva	87.2	12.3	0.5	–	–	–	100
Ms Loy York Ying	67.6	31.7	–	0.6	–	–	100
Ms Frey Bastian	59.2	28.1	1.2	11.5	–	–	100

The aggregate remuneration paid to the top five key management personnel (excluding CEO) was \$1.4 million in FY2015.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is responsible for providing a balanced and understandable assessment of CIT's performance, position

and prospects, which extends to interim and other price sensitive public reports, and reports to regulators (where required). Management provides the Board with relevant information on the performance of CIT and the Manager on a timely basis and as the Board may require from time to time, in order for the Board to effectively discharge its duties. Quarterly and annual financial reports and other material information are disseminated to the Unitholders through announcements via SGXNET, CIT's corporate website, and where applicable, media releases and analyst briefings.

The Board meets regularly to review the financial performance of CIT and the Manager against the yearly approved budget, taking note of any significant variances

CORPORATE GOVERNANCE

for quarter-on-quarter and year-to-date performance. In assessing business risks, the Board takes into account the economic environment and risks associated with the property industry.

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard unitholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Manager has put in place a system of internal controls to safeguard CIT's assets, Unitholders' interests and to manage risk in general. The Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section on pages 20 to 23 of the Annual Report.

CIT's and the Manager's ERM framework have been implemented to further enhance risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. The monitoring of the risks identified is via a "traffic light alert system". The risk appetite threshold of each risk is based on the colours of a traffic light – Red, Amber and Green. Green is within the acceptable risk appetite, Amber signals increasing risk which needs to be monitored and reduced as necessary

and Red means it is outside the risk appetite that both CIT and the Manager is willing to undertake and thus measures and steps need to be put in place to reduce the risk level to within the acceptable range. The ERM Risk Appetite Statement is monitored on a quarterly basis to ensure that all risks are appropriately managed. The Statement is reviewed and tabled to both the ARCC and the Board on a quarterly basis for their notation. The metrics adopted for each measure will be reviewed at least annually or more frequently if the business environment warrants.

In addition, a Risk Matrix is produced covering CIT's and the Manager's relevant material operational risks by sub-category (Commercial & Legal; Economical/Financial; Operational; and Technology), the likelihood of the risk occurring, the consequence should it occur and the controls put in place to mitigate or manage these risks. Risks are analysed by combining estimates of likelihood and consequences, adequacy of existing controls/treatments or actions to determine whether a level of risk is to be accepted, or requires specific management responsibility or escalation to the ARCC. Identified risks are reviewed quarterly or whenever the business environment changes substantially to ensure that changes in circumstances have not altered risk priorities. Identified controls/treatments or actions are reviewed quarterly to ensure that changes in circumstances have not affected their adequacy and effectiveness.

During the year, PricewaterhouseCoopers LLP (the Manager's Internal Auditors) conducted a risk workshop for the ARCC and the Manager's management team to collectively refresh the enterprise-wide risks and to align and quantify the key risks across CIT and the Manager. The workshop forms part of CIT's continuous risk assessment process and the output is used as input for ongoing management and monitoring of risks across CIT.

In addition to the Risk Matrix, reports on the internal controls are also provided to the ARCC on a periodic basis to assess the adequacy of the existing internal controls and risk framework.

The ARCC, through the assistance of internal and external auditors, reviews and reports to the Board on the effectiveness and adequacy of CIT's risk management and internal control system, including financial, operational, compliance and information technology controls, taking into consideration the reports and assurance provided by Management, recommendations of both internal and external auditors and the timely and proper implementation of all required corrective, preventive or improvement measures.

CORPORATE GOVERNANCE

In line with the strategic objectives to provide Unitholders with a stable and secure income stream and to achieve long term growth in NAV per unit, the Manager critically analyses each transaction before proceeding. To arrive at an investment decision, the Manager identifies the risk exposures and determines how to mitigate, transfer, manage and/or reduce those risks, where possible, to a level which is appropriate for the corresponding expected return on that investment. Extensive procedures, including due diligence, are carried out at various stages of the investment process. The Board reviews management reports and feasibility studies on proposed acquisitions, as prepared by experienced staff of the Manager, and approves accordingly if the Board believes it is in the best interests of the Trust and its Unitholders.

The Manager is committed to conduct its business within a framework that fosters the highest ethical and legal standards. The Manager has a whistle-blowing policy that is made available on CIT's website. The policy provides a channel for external parties, in addition to employees, to raise concerns and continues to provide employees reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

The Board has received confirmation from the CEO and the COO and CFO of the Manager that they are not aware of any events that have arisen which would have a material effect on the financial results of CIT and its subsidiaries, except as disclosed in the financial results, and nothing has come to their attention which may render the financial results false or misleading.

Based on the risk management and internal controls system established and maintained by the Manager, audits conducted by the internal and external auditors and their recommendations, and together with the CEO's and COO and CFO's quarterly and annual undertaking confirming their responsibilities for, and adequacy and effectiveness of the internal controls; pursuant to Rule 1207(10) of the Listing Manual, the Board with the concurrence of the ARCC is satisfied that the Manager's system of internal controls addressing financial, operational, compliance and information technology risks was adequate for the year ended 31 December 2015, to provide reasonable assurance that assets are safeguarded and that proper accounting records are maintained and financial statements are reliable.

Dealing in CIT Units

The Trust Deed requires each Director of the Manager to give notice to the Manager of their acquisition of units or of any changes in the number of units which they hold, or in which they have an interest, within two business days after such acquisition, or the occurrence of the event giving rise to changes in the number of units which they hold, or in which they have an interest. The SFA also requires Directors and CEO of the Manager to give such notice. All dealings in units by the Directors and CEO of the Manager are to be announced through SGXNET.

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

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

1. One month before the public announcement of CIT's annual results and, where applicable, CIT's property valuations, ending on the date of announcement of the relevant results;
2. Two weeks before the announcement of CIT's quarterly results, ending on the date of announcement of the relevant results; and
3. At any time whilst in possession of undisclosed material information.

In addition, while in possession of undisclosed material information, Directors and employees of the Manager are not to advise others to trade in CIT units or communicate such information to another person.

Prior to the commencement of the prohibition period, Directors and employees are reminded not to trade during this period or whenever they are in possession of undisclosed material information.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the units and any changes thereto within two business days after the date on which it acquires or disposes of any units. The Manager has also undertaken that it will not deal in CIT units during the period commencing two weeks before the public announcement of CIT's quarterly

CORPORATE GOVERNANCE

results or one month before the annual and semi-annual results, and if applicable, property valuation, and ending on the date of announcement of the relevant results.

Review Procedures for Interested Party Transactions ("IPT")

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

In addition:

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

Where matters concerning CIT relate to transactions entered into, or to be entered into, by the Trustee for and on behalf of CIT with a related party of the Manager or CIT, the Trustee is also required to ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of CIT and the Unitholders.

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or CIT. If the Trustee is to sign any contract with a related party of the Manager or CIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix and the provisions of the Listing Manual relating to interested person transactions, as well as such other guidelines issued by MAS and the SGX-ST that apply to REITs. All IPTs (and the basis, quotation obtained to support its basis) entered into are maintained in records by the Manager and reviewed by the ARCC.

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

Dealings with Conflicts of Interest

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

- all executive officers are employed by the Manager;
- all resolutions in writing of the Directors of the Manager in relation to matters concerning CIT must be approved by a majority of the Directors, including at least one Independent Director;
- at least one third of the Board is comprised of Independent Directors;
- in respect of the matters in which a Director or his associates have an interest, direct or indirect, such interested Director will notify his interest and, where appropriate, abstain from voting. In such matters, the Board may also seek external professional advice to assist in their deliberations;
- all IPT must be reviewed by the ARCC and approved by a majority of the ARCC. If a member of the ARCC has an interest in a transaction, he or she will, where appropriate, abstain from voting;
- Directors receive training about their duties including the importance of not being influenced by directives from the shareholders which may conflict with the obligations of the Manager owed to clients, Unitholders

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or third parties who may, in turn, owe obligations to CIT, or with their broader duties as Directors;

- notwithstanding any request from its shareholders, decisions regarding service providers retained by the Manager go through a due diligence process conducted by the Manager to ensure that appropriate services are acquired in the circumstances;
- to prevent misuse of confidential information, employees must not disclose, or use for their own purposes, or cause any unauthorised disclosure of, any information of a confidential nature relating to the business of the Manager or its affiliates or its agents or customers;
- under the Trust Deed, other than a meeting convened for the removal of the Manager, the Manager and its associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest. For so long as CITM is the manager, the controlling shareholders (as defined in the Listing Manual) of CITM and their respective associates are prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholder and/or their associates have a material interest; and
- if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CIT with an affiliate of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) for legal advice on the matter. If that law firm is of the opinion that the Trustee, on behalf of CIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to take appropriate action in relation to such agreement. The Directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of a breach of any agreement entered into by the Trustee for and on behalf of CIT with an affiliate of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and in the interest of Unitholders. Any decision by the Manager not to take action against an affiliate of the Manager shall not constitute a waiver of the Trustee's rights to take such action as it deems fit against such affiliate.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARCC was established to assist the Board in its oversight of CIT and the Manager's governance in relation to financial, risk, audit, information technology and compliance matters. The ARCC scope of authority and responsibilities are defined in its term of reference and in compliance with the revised 2nd edition of the Audit Committee ("AC") Guidelines announced in August 2014.

In line with the revised 2nd Edition of the AC Guidelines, the ARCC must comprise of at least three Directors, majority of whom must be independent.

As at 31 December 2015, the ARCC comprises the following Directors, of which two out of three are Independent, Non-executive Directors (including the Chairman):-

- 1 Mr Ooi Eng Peng
Chairman (Independent, Non-executive Director)
- 2 Mr Tan Guong Ching
Member (Independent, Non-executive Director)
- 3 Mr Michael Patrick Dwyer
Member (Non-executive Director)

The separation of the roles of the Chairman of the Board and the Chairman of the ARCC ensures greater independence of the ARCC in the discharge of its duties.

Members of the ARCC bring with them invaluable experience and professional expertise in the accounting, finance, legal and business domains.

The ARCC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any Director or staff to attend its meetings. The ARCC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

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

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial information provided by the Manager to any governmental authority or the public and any

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announcements relating to the company's financial performance;

- reviewing and monitoring the effectiveness and adequacy of the systems of internal controls, including financial, operational, compliance, information technology and risk management controls and procedures that Management and the Board have established;
- ensuring that procedures are in place for compliance with all applicable laws, regulations, rules, codes of conduct and standards of good practices;
- reviewing the comprehensiveness of the audit and business processes to manage risks and safeguard both CIT's and the Manager's assets and enhance Unitholders' and shareholders' value;
- reviewing the effectiveness of the company's internal audit function; including its audit plans and the scope and effectiveness of the internal audit procedures;
- reviewing the adequacy, independence, effectiveness, objectivity and fees of the external auditors and recommending to the Board on any proposals to the Unitholders on any replacement, appointment or reappointment of the auditors; and approving the remuneration and terms of their engagement; and
- reviewing related party transactions to ascertain compliance with internal procedures and provisions of applicable laws and regulations.

The ARCC's activities for FY2015, included the following:

(a) Financial Reporting

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

(b) External Audit

The ARCC reviewed and approved the audit plan and scope with the external auditors and critically reviewed the report on the audit of the year-end financial statements.

The ARCC also reviewed and considered the re-appointment of the external auditors and is satisfied with the suitability, independence and objectivity of the external auditors and has recommended to the Board its re-appointment.

The review took into consideration (i) adequacy of the resources and experience of the auditing firm and the audit partner, (ii) the terms of the engagement, (iii) size and complexity of CIT and its subsidiary, (iv) the number and experience of supervisory and professional staff assigned to each audit, (v) the fees paid for audit and non-audit services performed, and (vi) suitability, objectivity and independence from Management and the Manager based on their performance to date.

The aggregate amount of the audit fees paid/payable by CIT and its subsidiary to the external auditors for FY2015 was \$298,000, of which audit and non-audit fees amounted to \$180,000 and \$118,000 respectively. The ARCC has undertaken a review of all non-audit services provided by the auditors and they would not, in the ARCC's opinion, affect the independence of the auditors.

Accordingly, the Manager confirms that CIT complies with Rule 712 and 715 of the Listing Manual with respect to the suitability of the audit firm for CIT and its subsidiary.

(c) Internal Audit

The 3-year Internal Audit Rotational Plan for Year 2015 to 2017 was approved by the ARCC in 2014.

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

An annual assessment was performed on PwC LLP to evaluate the effectiveness of the internal auditors.

(d) IPT

The ARCC reviewed IPT to ensure compliance with internal procedures, provisions of the Listing Manual and the Property Funds Appendix.

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(e) Whistle-Blowing

The ARCC ensures that the Whistle-Blowing Policy put in place provides an avenue through which staff and external parties may raise, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters to the Chairman of the ARCC and that there will be independent investigation and appropriate follow-up action taken.

External parties can raise their concerns by submitting the prescribed form found on <http://www.cambridgeindustrialtrust.com/whistleblowing.html>, to whistleblowing@cambridgeitm.com.

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

The number of ARCC meetings held and corresponding attendances for FY2015 are set out on page 79.

Internal Audit

Principle 13: The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

Given the Manager's size and scale of operations, the Manager outsources the internal audit function. PricewaterhouseCoopers LLP (PwC) has been appointed as the internal auditor for another 3-year period from 2015 to 2017. PwC adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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

The ARCC is satisfied with the suitability of the internal auditors and is of the view that the internal audit function is adequately resourced to perform its functions, and has appropriate standing within the Manager.

UNITHOLDERS RIGHTS AND RESPONSIBILITIES

Unitholders' Rights

Principle 14: Companies should treat all unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of unitholders' rights, and continually review and update such governance arrangements.

Communication with Unitholders

Principle 15: Companies should actively engage their unitholders and put in place an investor relations policy to promote regular, effective and fair communication with unitholders.

Conduct of Unitholder Meetings

Principle 16: Companies should encourage greater unitholders participation at general meetings of unitholders, and allow unitholders the opportunity to communicate their views on various matters affecting the company.

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

Our Policies and Practices

The Code encourages listed companies to have a policy on the payment of dividends. The Manager's policy is to distribute 100 percent of CIT's taxable income, comprising substantially its income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion taking into account the needs of the Trust for capital expenditure, working capital requirements and the liquidity position of CIT. Since the listing in 2006, CIT has distributed 100 percent of its taxable income to its Unitholders.

The Manager has a dedicated investor relations and corporate communications team which handles communications with investors, the investment community, analysts and the media.

One of the key roles of the CEO, together with the Head of Investor Relations and Corporate Communications, is to

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keep the market and investors apprised of CIT's financial performance and corporate developments. The Manager believes in regular, effective, unbiased and transparent communication and conducts regular briefings for analysts and media representatives, which generally coincide with the release of CIT's results. During these briefings, the Manager will review CIT's most recent performance, as well as discuss the business outlook for CIT. In accordance with the Manager's objective of transparent communication, briefing materials are released to the SGX-ST and made available on CIT's website.

For the year, the Management met with institutional investors in Singapore, Hong Kong, Malaysia, Australia, China, Japan and Europe through one-on-one or group meetings as well as teleconferences. The retail investors were also engaged directly with the Manager as well as the Board of Directors through the AGM.

In compliance with the Property Funds Appendix, an AGM of Unitholders will be held after the close of the financial year allowing the Manager to interact with investors. A copy of CIT's Annual Report will also be sent to Unitholders no later than four months from the end of each financial year. Notice of the AGM will be published on SGXNET, newspapers and CIT's website.

At the AGM, each distinct matter will be proposed as a separate resolution. Unitholders will be invited to raise questions they may have relating to the resolution to be passed before voting on each of the resolutions by poll, using an electronic voting system. This will allow all Unitholders present, or represented at the meeting to vote on a one unit, one vote basis. The voting results will be screened at the meeting and announced via SGXNET after the meeting.

As and when an EGM is to be convened, a circular containing details of the matters proposed for the Unitholder's consideration and approval will also be sent to Unitholders; together with the notice of the EGM. Such notice will also be published on SGXNET, newspapers and CIT's website.

Board members, Management and the external auditors will be present at the AGM and EGM.

As part of the Manager's efforts to encourage greater Unitholders' participation at the AGM, a Question and Answer session is held at the end of the AGM to allow Unitholders the opportunity to put forth any questions and clarify any issues they may have with the Board members, Management or external auditors regarding the affairs of the Manager and CIT.

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

ADDITIONAL INFORMATION

Additional Committees

Apart from the ARCC and NRC, the Manager also set up the IC and BFC. The chairman of both committees are Independent Non-executive Directors.

The IC is guided by its terms of reference, in particular, the IC:

- (a) reviews the investment, divestments, capital works and major leasing activities of CIT and its subsidiaries to ensure they are consistent with the goals and objectives of CIT set by the Board;
- (b) determines that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy and applicable investment constraints;
- (c) reviews the performance of the investment portfolios of CIT and its subsidiaries; and
- (d) considers and makes recommendations regarding any issues and policies with significant investment impact, upon requested by the Board of Directors.

The BFC is guided by its terms of reference, in particular, the BFC:

- (a) reviews the annual budgets of CIT and the Manager for recommendation to the Board;
- (b) reviews and monitors periodic reports on budget variances;
- (c) recommends the annual budgets to the Board of Directors and updates the budget variance status to the Board on a periodic basis;
- (d) reviews, recommends and monitors capital structure and corporate finance strategy of the Trust including the issuance of equity and debt securities, financing and re-financing plans, and financial risk management; and
- (e) makes recommendations to the Board on policies relating to budget and finance.

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REPORT OF THE TRUSTEE

RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Cambridge Industrial Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (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 Singapore Chartered Accountants and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 97 to 160 comprising the Statement of Financial Position and Portfolio Statement of the Group and of the Trust, Statement of Total Return, Distribution Statement, and Statement of Movements in Unitholders' Funds of the Group and of the Trust, and Statement of Cash Flows of the Group for the year then ended 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 Investor Services Trust Singapore Limited**



Andrew Charles Allen
Managing Director

Singapore
11 March 2016

STATEMENT BY THE MANAGER

In the opinion of the directors of Cambridge Industrial Trust Management Limited, the accompanying financial statements of Cambridge Industrial Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 97 to 160 comprising the Statement of Financial Position, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Portfolio Statement of the Group and of the Trust, the Consolidated Statement of Cash Flows 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 of the Group and of the Trust as at 31 December 2015, and the total return, distributable amount, changes in Unitholders' funds of the Group and of the Trust and cash flows of the Group 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 Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust 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
11 March 2016

INDEPENDENT AUDITORS' REPORT

Unitholders
Cambridge Industrial Trust (the "Trust")
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Cambridge Industrial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Statement of Financial Position and Portfolio Statement of the Group and the Trust as at 31 December 2015, the Statement of Total Return, Distribution Statement, and Statement of Movements in Unitholders' Funds of the Group and of the Trust and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 160.

MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Cambridge Industrial Trust Management Limited, the Manager of the Trust (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 Singapore Chartered Accountants, 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. 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 consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2015 and the total return, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group 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 Singapore Chartered Accountants.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 March 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Non-current assets					
Investment properties	4	1,377,400	1,335,180	1,339,100	1,335,180
Investment in subsidiaries	5	–	–	25,206	–*
Investment in jointly-controlled entity	6	–	16,327	–	3,078
Derivative financial instruments	10	–	107	–	107
		<u>1,377,400</u>	<u>1,351,614</u>	<u>1,364,306</u>	<u>1,338,365</u>
Current assets					
Investment properties held for divestment	4	40,600	11,700	40,600	11,700
Trade and other receivables	7	9,652	10,902	9,564	10,902
Derivative financial instruments	10	604	180	604	180
Cash and cash equivalents		2,656	6,100	2,231	6,086
		<u>53,512</u>	<u>28,882</u>	<u>52,999</u>	<u>28,868</u>
Total assets		<u>1,430,912</u>	<u>1,380,496</u>	<u>1,417,305</u>	<u>1,367,233</u>
Liabilities					
Current liabilities					
Trade and other payables	8	24,004	26,417	23,806	26,407
Interest-bearing borrowings	9	–	49,952	–	49,952
		<u>24,004</u>	<u>76,369</u>	<u>23,806</u>	<u>76,359</u>
Non-current liabilities					
Trade and other payables	8	8,743	12,298	8,742	12,298
Interest-bearing borrowings	9	525,254	425,496	525,254	425,496
		<u>533,997</u>	<u>437,794</u>	<u>533,996</u>	<u>437,794</u>
Total liabilities		<u>558,001</u>	<u>514,163</u>	<u>557,802</u>	<u>514,153</u>
Net assets		<u>872,911</u>	<u>866,333</u>	<u>859,503</u>	<u>853,080</u>
Represented by:					
Unitholders' funds		<u>872,911</u>	<u>866,333</u>	<u>859,503</u>	<u>853,080</u>
Units in issue ('000)	11	1,297,775	1,271,548	1,297,775	1,271,548
Net asset value per unit (cents)		67.3	68.1	66.2	67.1

* less than \$1,000.

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

STATEMENT OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Gross revenue	12	112,244	99,342	110,248	99,342
Property expenses	13	(26,088)	(21,534)	(25,997)	(21,534)
Net property income		86,156	77,808	84,251	77,808
Management fees	14	(7,115)	(6,568)	(7,115)	(6,568)
Performance fees	14	–	(1,684)	–	(1,684)
Trust expenses	15	(2,326)	(1,431)	(2,335)	(1,432)
Interest income		149	111	149	111
Borrowing costs	16	(22,220)	(17,627)	(21,782)	(17,627)
Net income		54,644	50,609	53,168	50,608
Share of profits in jointly-controlled entity	6	123	496	–	–
Distribution income from subsidiary/jointly-controlled entity		–	–	1,180	603
Net income after distributable income from subsidiary/jointly-controlled entity		54,767	51,105	54,348	51,211
Gain on disposal of investment property	17	–	1,047	–	1,047
Change in fair value of financial derivatives		395	1,142	395	1,142
Change in fair value of investment properties	4	(2,645)	(7,876)	(2,381)	(7,876)
Total return before income tax		52,517	45,418	52,362	45,524
Income tax expense	18	–	(102)	–	(102)
Total return for the year		52,517	45,316	52,362	45,422
Earnings per unit (cents)					
Basic and diluted	19	4.090	3.615	4.078	3.624
Distribution per unit (cents)	19	4.793	5.004	4.793	5.004

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

DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return after income tax, before distribution for the year	52,517	45,316	52,362	45,422
Add: Distribution adjustments (Note A)	7,203	12,298	7,358	12,192
Net income available for distribution to Unitholders	59,720	57,614	59,720	57,614
Distribution from capital (Note B)	2,093	1,925	2,093	1,925
Distribution from capital gains (Note B)	–	3,496	–	3,496
Total amount available for distribution	61,813	63,035	61,813	63,035
Less: Distributions (Note C)	(47,014)	(47,105)	(47,014)	(47,105)
Net amount available for distribution to Unitholders as at 31 December	14,799	15,930	14,799	15,930

Note A – Distribution Adjustments

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-tax deductible items and other adjustments:				
Management fees payable in units	2,665	2,358	2,665	2,358
Acquisition fees paid in units	60	–	60	–
Trustee's fees	385	364	385	364
Transaction costs relating to debt facilities	3,984	4,081	3,899	4,081
Change in fair value of investment properties	2,645	7,876	2,381	7,876
Change in fair value of financial derivatives	(395)	(1,142)	(395)	(1,142)
Legal and professional fees	580	(57)	555	(57)
Adjustment for straight line rent and lease incentives	(2,830)	(1,751)	(2,266)	(1,751)
Share of profits in jointly-controlled entity	(123)	(496)	–	–
Distribution income from jointly-controlled entity	156	603	–	–
Allowance for doubtful debts	175	1,197	175	1,197
Miscellaneous (income)/expenses	(99)	312	(101)	313
	7,203	13,345	7,358	13,239
Income not subject to tax:				
Gain on disposal of investment property	–	(1,047)	–	(1,047)
Net effect of distribution adjustments	7,203	12,298	7,358	12,192

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

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DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2015

Note B – Distribution from Capital and Capital Gains

Distribution from capital of \$2.1 million was paid during the year to offset the transitional impact on net income from the conversion of master leases to multi-tenanted buildings which is associated with initially higher costs and vacancies.

Distribution from capital and capital gains in the previous financial year include \$3.5 million from capital gains realised from the sale of investment properties and \$1.9 million from capital to fund the reduction in income contribution for the year from properties undergoing asset enhancement initiatives including asset repositioning and reduction in net income from the performance fees payable in cash.

Note C – Distributions

	Group and Trust	
	2015	2014
	\$'000	\$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 1.204 cents per unit for the period from 1/7/2015 to 30/9/2015	15,553	–
Distribution of 1.225 cents per unit for the period from 1/4/2015 to 30/6/2015	15,784	–
Distribution of 1.225 cents per unit for the period from 1/1/2015 to 31/3/2015	15,677	–
Distribution of 1.250 cents per unit for the period from 1/7/2014 to 30/9/2014	–	15,797
Distribution of 1.251 cents per unit for the period from 1/4/2014 to 30/6/2014	–	15,708
Distribution of 1.251 cents per unit for the period from 1/1/2014 to 31/3/2014	–	15,600
	<u>47,014</u>	<u>47,105</u>
Distribution of 1.252 cents per unit for the period from 1/10/2014 to 31/12/2014	15,920	–
Distribution of 1.251 cents per unit for the period from 1/10/2013 to 31/12/2013	–	15,504
Total Distributions to Unitholders during the financial year ⁽¹⁾	<u>62,934</u>	<u>62,609</u>

Note:

⁽¹⁾ Distributions were partly paid by CIT issuing an aggregate of 22.2 million units amounting to \$14.6 million (2014: 28.8 million units amounting to \$20.0 million), pursuant to the distribution reinvestment plan.

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unitholders' funds at beginning of year		866,333	861,546	853,080	848,187
Operations					
Total return for the year after tax		52,517	45,316	52,362	45,422
Unitholders' transactions					
Issue of new units:					
– Management fees paid in units		2,665	646	2,665	646
– Management fees payable in units		–	1,712	–	1,712
– Distribution Reinvestment Plan		14,565	19,981	14,565	19,981
Acquisition fees paid in units		60	–	60	–
Equity issue costs	20	(295)	(259)	(295)	(259)
Distributions to Unitholders		(62,934)	(62,609)	(62,934)	(62,609)
Net decrease in Unitholders' funds resulting from Unitholders' transactions		(45,939)	(40,529)	(45,939)	(40,529)
Unitholders' funds at end of year		872,911	866,333	859,503	853,080

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

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Logistics Properties⁽¹⁾				
24 JURONG PORT ROAD	Leasehold	30+12	21 ⁽⁶⁾	24 Jurong Port Road Singapore 619097
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	16 ⁽⁷⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
3 PIONEER SECTOR 3	Leasehold	30+30	35 ⁽⁸⁾	3 Pioneer Sector 3 Singapore 628342
Warehousing Properties⁽²⁾				
31 TUAS AVENUE 11	Leasehold	30+30	38 ⁽⁹⁾	31 Tuas Avenue 11 Singapore 639105
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	39 ⁽¹⁰⁾	25 Changi South Ave 2 Singapore 486594
23 TUAS AVENUE 10	Leasehold	30+29	41 ⁽¹¹⁾	23 Tuas Avenue 10 Singapore 639149
160 KALLANG WAY	Leasehold	60	17 ⁽¹²⁾	160 Kallang Way Singapore 349246
120 PIONEER ROAD	Leasehold	30+28	39 ⁽¹³⁾	120 Pioneer Road Singapore 639597
9 BUKIT BATOK STREET 22	Leasehold	30+30	37 ⁽¹⁴⁾	9 Bukit Batok Street 22 Singapore 659585
79 TUAS SOUTH STREET 5	Leasehold	30+30	44 ⁽¹⁵⁾	79 Tuas South Street 5 Singapore 637604
# 4/6 CLEMENTI LOOP	Leasehold	30+30	38 ⁽¹⁶⁾	4/6 Clementi Loop Singapore 129810 and 129814
# 3C TOH GUAN ROAD EAST	Leasehold	30+30	35 ⁽¹⁷⁾	3C Toh Guan Road East Singapore 608832
30 TOH GUAN ROAD	Leasehold	30+30	40 ⁽¹⁸⁾	30 Toh Guan Road Singapore 608840

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
Logistics	95	95	89,100	87,600	10.21	10.11
Logistics	100	100	12,800	15,000	1.47	1.73
Logistics	97	97	112,000	108,410	12.83	12.51
			213,900	211,010	24.51	24.35
Warehousing	100	100	12,000	11,800	1.37	1.36
Warehousing	100	100	13,700	13,400	1.57	1.55
Warehousing	100	100	15,700	15,400	1.80	1.78
Warehousing	100	100	29,500	29,800	3.38	3.44
Warehousing	100	100	34,200	32,600	3.92	3.76
Warehousing	78	78	23,900	23,900	2.74	2.76
Warehousing	–	–	11,700	11,700	1.34	1.35
Warehousing	100	100	63,100	63,100	7.23	7.28
Warehousing	90	100	33,000	33,000	3.78	3.81
Warehousing	99	97	60,000	58,900	6.87	6.80
			296,800	293,600	34.00	33.89

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

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Light Industrial Properties⁽³⁾				
2 UBI VIEW	Leasehold	60	43 ⁽¹⁹⁾	2 Ubi View Singapore 408556
128 JOO SENG ROAD	Leasehold	30+30	36 ⁽²⁰⁾	128 Joo Seng Road Singapore 368356
# 1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	45/50 ⁽²¹⁾	1/2 Changi North Street 2 Singapore 498808/498775
# 16 TAI SENG STREET	Leasehold	30+30	52 ⁽²²⁾	16 Tai Seng Street Singapore 534138
70 SELETAR AEROSPACE VIEW	Leasehold	30	26 ⁽²³⁾	70 Seletar Aerospace View Singapore 797564
* 55 UBI AVENUE 3	Leasehold	30+30	41 ⁽²⁴⁾	55 Ubi Avenue 3 Singapore 408864
130 JOO SENG ROAD	Leasehold	30+30	36 ⁽²⁵⁾	130 Joo Seng Road Singapore 368357
2 JALAN KILANG BARAT	Leasehold	99	46 ⁽²⁶⁾	2 Jalan Kilang Barat Singapore 159346
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	41 ⁽²⁷⁾	54 Serangoon North Avenue 4 Singapore 555854
136 JOO SENG ROAD	Leasehold	30+30	35 ⁽²⁸⁾	136 Joo Seng Road Singapore 368360
21/23 UBI ROAD 1	Leasehold	30+30	41 ⁽²⁹⁾	21/23 Ubi Road 1 Singapore 408724/408725
11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	41 ⁽³⁰⁾	11 Serangoon North Avenue 5 Singapore 554809
* 87 DEFU LANE 10	Leasehold	30+30	35 ⁽³¹⁾	87 Defu Lane 10 Singapore 539219
11 CHANG CHARN ROAD	Leasehold	99	41 ⁽³²⁾	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	34 ⁽³³⁾	12 Ang Mo Kio Street 65 Singapore 569060

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
Light Industrial	100	100	9,900	9,900	1.13	1.14
Light industrial	100	93	12,500	12,500	1.43	1.44
Light Industrial	100	100	23,200	23,200	2.66	2.68
Light Industrial	100	100	73,000	73,000	8.36	8.43
Light Industrial	100	100	8,800	8,800	1.01	1.02
Light Industrial	56	77	22,100	21,600	2.53	2.49
Light Industrial	100	100	15,000	14,000	1.72	1.62
Light Industrial	91	78	29,000	29,000	3.32	3.35
Light Industrial	64	64	22,200	21,700	2.54	2.50
Light Industrial	100	100	13,700	13,500	1.57	1.56
Light Industrial	100	96	36,600	36,600	4.19	4.22
Light Industrial	94	94	19,900	20,800	2.28	2.40
Light Industrial	100	33	18,500	16,800	2.12	1.94
Light Industrial	96	89	32,000	32,000	3.67	3.69
Light Industrial	85	85	40,600	39,800	4.65	4.59
			377,000	373,200	43.18	43.07

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

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
General Industrial Properties⁽⁴⁾				
9 TUAS VIEW CRESCENT	Leasehold	30+30	43 ⁽³⁴⁾	9 Tuas View Crescent Singapore 637612
28 SENOKO DRIVE	Leasehold	30+30	24 ⁽³⁵⁾	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	39 ⁽³⁶⁾	31 Changi South Avenue 2 Singapore 486478
21B SENOKO LOOP	Leasehold	30+30	37 ⁽³⁷⁾	21B Senoko Loop Singapore 758171
23 WOODLANDS TERRACE	Leasehold	30+30	41 ⁽³⁸⁾	23 Woodlands Terrace Singapore 738472
22 CHIN BEE DRIVE	Leasehold	30	20 ⁽³⁹⁾	22 Chin Bee Drive Singapore 619870
31 KIAN TECK WAY	Leasehold	30+19	27 ⁽⁴⁰⁾	31 Kian Teck Way Singapore 628751
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	40 ⁽⁴¹⁾	45 Changi South Avenue 2 Singapore 486133
2 TUAS SOUTH AVENUE 2	Leasehold	60	43 ⁽⁴²⁾	2 Tuas South Ave 2 Singapore 637601
# 511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	38/38 ⁽⁴³⁾	511/513 Yishun Industrial Park A Singapore 768768/768736
# 60 TUAS SOUTH STREET 1	Leasehold	30	19 ⁽⁴⁴⁾	60 Tuas South Street 1 Singapore 639925
# 5/7 GUL STREET 1	Leasehold	29.5	22 ⁽⁴⁵⁾	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	40 ⁽⁴⁶⁾	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	51 ⁽⁴⁷⁾	25 Pioneer Crescent Singapore 628554

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
General Industrial	100	100	11,400	11,100	1.31	1.28
General Industrial	100	100	14,000	14,000	1.60	1.62
General Industrial	100	100	11,200	9,300	1.28	1.07
General Industrial	100	100	31,500	31,500	3.61	3.64
General Industrial	76	76	17,500	17,500	2.00	2.02
General Industrial	100	100	15,500	15,500	1.78	1.79
General Industrial	100	100	5,700	5,600	0.65	0.65
General Industrial	100	100	14,000	13,700	1.60	1.58
General Industrial	100	100	36,000	36,000	4.12	4.16
General Industrial	25	100	33,200	33,200	3.80	3.83
General Industrial	–	100	6,200	6,400	0.71	0.74
General Industrial	100	100	14,700	14,500	1.68	1.67
General Industrial	100	100	18,300	17,800	2.10	2.05
General Industrial	100	100	16,200	15,800	1.86	1.82
			245,400	241,900	28.10	27.92

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

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
Balance brought forward				
General Industrial Properties (cont'd)				
43 TUAS VIEW CIRCUIT	Leasehold	30	22 ⁽⁴⁸⁾	43 Tuas View Circuit Singapore 637360
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	34 ⁽⁴⁹⁾	30 Marsiling Industrial Estate Road 8 Singapore 739193
11 WOODLANDS WALK	Leasehold	30+30	40 ⁽⁵⁰⁾	11 Woodlands Walk Singapore 738265
15 JURONG PORT ROAD	Leasehold	28	19 ⁽⁵¹⁾	15 Jurong Port Road Singapore 619119
86/88 INTERNATIONAL ROAD	Leasehold	30+30	39 ⁽⁵²⁾	86/88 International Road Singapore 629176/629177
+ 160A GUL CIRCLE	Leasehold	27	25 ⁽⁵⁴⁾	160A Gul Circle Singapore 629618
Car Showroom and Workshop Properties⁽⁵⁾				
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	23 ⁽⁵⁵⁾	30 Teban Gardens Crescent Singapore 608927
Business Park Properties^(5a)				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	40 ⁽⁵⁶⁾	16 International Business Park Singapore 609929
Total properties held by the Trust				

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
			245,400	241,900	28.10	27.92
General Industrial	100	100	16,500	15,800	1.89	1.82
General Industrial	82	100	39,000	39,000	4.47	4.50
General Industrial	100	100	17,300	17,300	1.98	2.00
General Industrial	100	100	42,000	43,000	4.81	4.96
General Industrial	90	100	40,700	40,700	4.66	4.70
General Industrial	100	–	19,400	–	2.22	–
			420,300	397,700	48.13	45.90
Car Showroom and Workshop	100	100	40,700	41,000	4.66	4.73
			40,700	41,000	4.66	4.73
Business Park	100	100	31,000	30,370	3.55	3.51
			31,000	30,370	3.55	3.51
			1,379,700	1,346,880	158.03	155.45

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

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

	Property held by a subsidiary	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
	General Industrial Properties⁽⁴⁾				
**	3 TUAS SOUTH AVENUE 4	Leasehold	30+30	43 ⁽⁵³⁾	3 Tuas South Avenue 4 Singapore 637610
	Property held by a subsidiary				
	Total properties held by the Group				
	Trust				
	Investment properties, at valuation				
	Other assets and liabilities (net)				
	Net assets				
	Group				
	Investment properties, at valuation				
	Other assets and liabilities (net)				
	Net assets				

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
General Industrial	100	100	38,300	-	4.39	-
			38,300	-	4.39	-
			1,418,000	1,346,880	162.42	155.45
			1,379,700	1,346,880	160.52	157.88
			(520,197)	(493,800)	(60.52)	(57.88)
			859,503	853,080	100.00	100.00
			1,418,000	1,346,880	162.42	155.45
			(545,089)	(480,547)	(62.42)	(55.45)
			872,911	866,333	100.00	100.00

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

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

	At Independent Valuation	
	2015	2014
	\$'000	\$'000
As disclosed in the Statement of Financial Position:		
Trust		
Investment properties – non current	1,339,100	1,335,180
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	40,600	11,700
Total investment properties	1,379,700	1,346,880
Group		
Investment properties – non current	1,377,400	1,335,180
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	40,600	11,700
Total investment properties	1,418,000	1,346,880

Notes:

- (1) These properties are single or multi-storey distribution and logistics facilities catering for tenants that are third party logistics and supply chain management providers or trading companies.
- (2) These properties are single or multi-storey warehouse facilities with low content of office space that are used by both multi-national corporations and local small and medium enterprises predominantly as storage space for raw material, semi-finished or finished goods; coupled with light industrial activities such as assembly and packing. This also includes self-storage business.
- (3) These properties are single or multi-storey of manufacturing/production space with low content of office space used by both multi-national corporations and local small and medium enterprises for light industrial activities such as light manufacturing, assembly, non-pollutive industrial and businesses that engage in high technology, R&D or type 1 e-business kind of activities.
- (4) These properties are single or multi-storey of manufacturing/factory facilities with low content of office space catering to both multi-national corporations and small and medium enterprises for industrial purposes which includes but not limited to manufacturing, altering, repairing, finishing, precision engineering.
- (5) This property is a multi-storey industrial building used for car showroom and service workshops.
- (5a) This property is a multi-storey suburban office building in specially designated "Business Park Zone" of which serves as regional headquarters for multi-national companies catering to knowledge-based activities.
- (6) CIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (7) CIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (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 1 April 1994.
- (10) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (11) CIT holds the remainder of a 30+29 year lease commencing from 1 November 1997.
- (12) CIT holds the remainder of a 60 year lease commencing from 16 February 1973.
- (13) CIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (14) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (15) CIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (16) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (17) CIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (18) CIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (19) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (20) CIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (21) CIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
- (22) CIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (23) CIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (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 December 1991.
- (26) CIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (27) CIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (28) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (29) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (30) CIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (31) CIT holds the remainder of a 30+30 year lease commencing from 1 November 1990.
- (32) CIT holds the remainder of a 99 year lease commencing from 1 January 1958.
- (33) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- (34) CIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (35) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.

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

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

- ⁽³⁶⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- ⁽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 November 1996.
- ⁽³⁹⁾ CIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- ⁽⁴⁰⁾ CIT holds the remainder of a 30+19 year lease commencing from 1 September 1993.
- ⁽⁴¹⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- ⁽⁴²⁾ CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- ⁽⁴³⁾ CIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 lease commencing from 1 December 1993 for 513 Yishun.
- ⁽⁴⁴⁾ CIT holds the remainder of a 30 year lease commencing from 16 March 2005.
- ⁽⁴⁵⁾ CIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
- ⁽⁴⁶⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- ⁽⁴⁷⁾ CIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
- ⁽⁴⁸⁾ CIT holds the remainder of a 30 year lease commencing from 1 February 2008.
- ⁽⁴⁹⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
- ⁽⁵⁰⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- ⁽⁵¹⁾ CIT holds the remainder of a 28 year lease commencing from 25 March 2007.
- ⁽⁵²⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- ⁽⁵³⁾ The subsidiary holds the remainder of a 30+30 year lease commencing from 1 May 1999.
- ⁽⁵⁴⁾ CIT holds the remainder of a 27 year lease commencing from 30 September 2013.
- ⁽⁵⁵⁾ CIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
- ⁽⁵⁶⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.

Properties pledged as security to secure the Term Loan Facility of \$100 million (see Note 9).

+ The property was acquired during the financial year.

** The property at 3 Tuas South Avenue 4 was consolidated when Cambridge SPV1 LLP became a subsidiary of the Group on 20 March 2015.

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 the tenancies range from two to twenty eight years for single tenancy and seven months to ten years for multiple-tenancy.

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 direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting 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 reporting date, investment properties with a carrying value of \$246.4 million (2014: \$939.4 million) have been mortgaged as security for loan facilities granted to the Group (see Note 4 and Note 9).

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Total return after income tax for the year	52,517	45,316
Adjustments for:		
Borrowing costs	22,220	17,627
Change in fair value of financial derivatives	(395)	(1,142)
Change in fair value of investment properties	2,645	7,876
Gain on disposal of investment property	–	(1,047)
Share of profits in jointly-controlled entity	(123)	(496)
Interest income	(149)	(111)
Management fees paid/payable in units (Note A(ii))	2,665	2,358
Acquisition fees paid in units (Note A (ii))	60	–
Allowance for doubtful debts	175	1,197
Operating income before working capital changes	79,615	71,578
Changes in working capital:		
Trade and other receivables	(1,630)	(5,529)
Trade and other payables	1,126	(5,424)
Cash generated from operations	79,111	60,625
Income tax paid	(59)	–
Net cash generated from operating activities	79,052	60,625
Cash flows from investing activities		
Interest received	149	111
Capital expenditure on investment properties	(20,964)	(8,733)
Net cash outflow on purchase of investment properties (including acquisition related costs) (Note B)	(19,479)	(145,589)
Payment for investment properties under development	–	(41,632)
Proceeds from disposal of investment properties	–	7,800
Payment for divestment costs	–	(107)
Acquisition of subsidiary (Note 22)	(10,582)	–
Distribution income from subsidiary/jointly-controlled entity	930	710
Net cash used in investing activities	(49,946)	(187,440)
Cash flows from financing activities		
Borrowing costs paid	(20,664)	(15,611)
Distributions paid to Unitholders (Note A(iii))	(48,369)	(42,628)
Equity issue costs paid	(278)	(213)
Proceeds from borrowings	338,000	195,827
Repayment of borrowings	(301,239)	(78,000)
Net cash (used in)/generated from financing activities	(32,550)	59,375
Net decrease in cash and cash equivalents	(3,444)	(67,440)
Cash and cash equivalents at 1 January	6,100	73,540
Cash and cash equivalents at 31 December	2,656	6,100

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

Notes:

(A) Significant Non-cash Transactions

(i) Management fees paid in units

Management fees for the year ended 31 December 2015 were partly paid by CIT issuing an aggregate of 6.5 million units (2014: 3.4 million units comprising 0.9 million issued units and 2.5 million units issued after year end) amounting to \$2.7 million (2014: \$2.4 million).

(ii) Acquisition fees paid in units

A total of 85,922 units (equivalent to \$60,000) were issued as payment of the acquisition fee to the Manager in connection with the acquisition of the remaining 40% partnership interest in Cambridge SPV1 LLP from Oxley Projects Pte. Ltd., an interested party to the Trust ("Cambridge LLP Acquisition") in March 2015. The Property Fund Appendix of the Collective Investment Schemes requires that the acquisition fee for an interested party transaction to be paid in units.

Please see Note 22 for more details.

(iii) Distributions paid to Unitholders

Distributions for the year ended 31 December 2015 were partly paid by CIT issuing an aggregate of 22.2 million units (2014: 28.8 million units), amounting to \$14.6 million (2014: \$20.0 million), pursuant to the distribution reinvestment plan.

	2015 \$'000	2014 \$'000
Distributions paid to Unitholders	62,934	62,609
Distributions paid in units pursuant to distribution reinvestment plan	(14,565)	(19,981)
Net Distributions paid to Unitholders in cash	48,369	42,628

(B) 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:

	Group	
	2015 \$'000	2014 \$'000
Investment properties	19,133	143,170
Acquisition related costs	337	2,109
Capital expenditure incurred	9	360
Investment properties acquired (including acquisition related costs and capital expenditure incurred)	19,479	145,639
Retention sums	–	(50)
Net cash outflow	19,479	145,589

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 11 March 2016.

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 Investor Services Trust 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 and its subsidiaries (the "Group") 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 financial statements of the Group as at and for the year ended 31 December 2015 comprise the Trust and its subsidiaries (together referred to as the "Group").

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. The principal activity of the subsidiaries are set out in Note 5 to the financial statements.

CIT has entered into several service agreements in relation to the management of CIT and its property operations. The fee structures for 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 0.03% per annum of the value of the Deposited Property.

(B) Management fees

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. General (Cont'd)

(B) Management fees (Cont'd)

- (ii) The performance fee calculation methodology was revised and approved at the Extraordinary General Meeting on 19 May 2015, from a total return based formula to a DPU growth model. The Manager has voluntarily waived any performance fee entitlement for FY2015 and FY2016 under the new structure ("Performance Fee Waiver").

The performance fee under the DPU growth model ("Performance Fee") is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a performance fee was payable ("Highest DPU Threshold"). Whenever a performance fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a performance fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculation of the performance fee payable under the revised performance fee structure, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

The Performance Fee, whether payable in any combination of cash and Units or solely in cash or Units, will be payable in arrears within 30 days after the last day of each financial year. If a trigger event occurs resulting in the Manager being removed, the Manager is entitled to payment of any Performance Fee in cash to which it might otherwise have been entitled for that financial year in cash, which shall be calculated, as if the end of the financial 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").

The total amount of performance fee accruing to the Manager under the previous performance fee structure was approximately \$5.6 million as at 31 December 2015 and will be paid in instalments every six months in January and July, subject to the fee cap arrangement under the Trust Deed. Full settlement of the total fee payable is expected by January 2017.

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.

Please refer to Note 11 for the Manager's base fees payable in units.

NOTES TO THE FINANCIAL STATEMENTS

1. General (Cont'd)

(C) 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% of the equity of such entity; or
 - if CIT holds or invests in 30% or more but less than 50% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity;
 - (c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the provision in paragraph (b) is complied with; and
 - (d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

1. General (Cont'd)

(D) Property Manager's fees

Cambridge Industrial Property Management Pte. Ltd. (the "Property Manager"), as property manager of all CIT's properties including the property held through Cambridge SPV1 LLP, 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 Appendix of the Code on Collective Investment Schemes ("CIS Code") 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, financial derivatives 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.

The 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 critical judgements and, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 7 – Assessment of collectibility of trade and other receivables
- Note 18 – Assessment of income tax provision
- Note 21 – Valuation of investment properties
- Note 25 – Valuation of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

Subsidiaries

The subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group.

Investment in jointly-controlled entity (equity-accounted investee)

The jointly-controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investment in the jointly-controlled entity is accounted for using the equity method (equity-accounted investees) and is recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee with those of the Group, from the date that significant influence or joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for Investments in subsidiaries and jointly-controlled entity in the Trust's financial statements

Investments in subsidiaries and jointly-controlled entity are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.2 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 3.3 below). These properties are initially stated at cost on acquisition, and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are 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 the Group. 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.

3.3 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.4 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group 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.

Non-derivative financial assets comprise loans and receivables.

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 comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents consist of cash balances and bank deposits.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.4 Financial instruments (Cont'd)

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its interest rate risk exposure. 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.

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.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value 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 Group on terms that the Group would not consider otherwise, or 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.5 Impairment – non-financial assets

The carrying amounts of the Group'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 asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The recoverable amount of an asset or CGU 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Total Return.

Impairment losses recognised in prior years 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.

3.6 Revenue recognition

- (i) Rental income from operating leases

Rental income from investment properties is recognised in the Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

- (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 are the Property Manager's fee which is based on the applicable rate stipulated in Note 1.

- (ii) Management fees

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.7 Expenses (Cont'd)

(iii) Trust expenses

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

(iv) Borrowing costs

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

3.8 Tax

Tax expense comprises current and deferred tax. Current tax and deferred 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 reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investment in subsidiaries and jointly controlled entity to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. 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 at 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.8 Tax (Cont'd)

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 before 31 March 2020.

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.

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, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (Cont'd)

3.9 Distribution policy

The Group'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 Earnings per unit

The Group presents basic and diluted 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. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding and for the effects of all dilutive potential units.

3.11 Segment reporting

An operating segment is a component of the Group 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 the Group's other components. All operating segments' operating results are reviewed regularly by CIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer, and Chief Operating Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

3.12 New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Trust. The Group is currently assessing the potential impact on its financial statements and will implement the standards by the required effective dates. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment properties

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January		1,346,880	1,139,298	1,346,880	1,139,298
Acquisition of investment properties		19,133	143,170	19,133	143,170
Acquisition of subsidiary	22	38,000	–	–	–
Acquisition related costs		338	2,267	338	2,267
Capital expenditure incurred		14,139	16,320	14,139	16,320
Transfer from investment property under development		–	57,958	–	57,958
Disposal of investment property		–	(6,700)	–	(6,700)
		1,418,490	1,352,313	1,380,490	1,352,313
Change in fair value during the year*		(490)	(5,433)	(790)	(5,433)
At 31 December		1,418,000	1,346,880	1,379,700	1,346,880
Investment properties (non-current)		1,377,400	1,335,180	1,339,100	1,335,180
Investment properties held for divestment (current)		40,600	11,700	40,600	11,700
		1,418,000	1,346,880	1,379,700	1,346,880

The disclosure on determination of fair value in relation to investment properties is included in Note 21.

* The fair value loss of \$0.5 million (2014: \$5.4 million), together with an adjustment of \$2.1 million (2014: \$2.5 million) to recognise rental income on a straight line basis in accordance with FRS 17 *Leases*, aggregate to \$2.6 million (2014: \$7.9 million) as disclosed in the Statement of Total Return.

Investment Properties held for Divestment

Two investment properties at a total carrying value of \$40.6 million (2014: \$11.7 million) as at 31 December 2015, have been reclassified as investment properties held for divestment. This reclassification is required by FRS 105 *Non-current Assets held for Sale and Discontinued Operations* as the divestments are planned within the next 12 months from the reporting date.

Security

As at the reporting date, certain investment properties have been mortgaged as security for loan facilities granted by financial institutions to the Group (see Note 9). The value of the security per facility is as follows:

	Group and Trust	
	2015 \$'000	2014 \$'000
Term Loan Facility	246,400	246,400
Club Loan Facility	–	602,610
Revolving Credit Facility	–	90,400
	246,400	939,410

NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries

	Trust	
	2015 \$'000	2014 \$'000
Unquoted equity investment, at cost	25,206	–*

* Investment in subsidiary, Cambridge-MTN Pte. Ltd., being \$1, established in February 2012.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
Cambridge-MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
Cambridge SPV1 LLP	Investment, management, leasing and redevelopment of properties	Singapore	100	– +
Cambridge SPV2 Pte. Ltd.	Investment holding	Singapore	100	–

All the subsidiaries are audited by KPMG LLP in Singapore.

+ Cambridge SPV1 LLP was a jointly-controlled entity in FY2014, with the Trust holding an equity interest of 60%. See Note 6.

6. Investment in jointly-controlled entity

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unquoted equity investment	–	16,327	–	3,078

The jointly-controlled entity held a leasehold property at 3 Tuas South Avenue 4 which it acquired in March 2013. This property, which is fully leased, is a 30-year leasehold interest commencing on 1 May 1999 with an option for a 30-year extension.

The jointly-controlled entity became a wholly owned subsidiary upon the Trust's acquisition of the remaining 40% partnership interests in Cambridge SPV1 LLP in March 2015 (See Note 22 for more details).

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in jointly-controlled entity (Cont'd)

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
[^] Cambridge SPV1 LLP	Real estate activities	Singapore	–	60

[^] Audited by KPMG LLP in Singapore

Summarised financial information relating to the jointly-controlled entity, which is not adjusted for the percentage of ownership held by the Group, is set out below:

	Period from 1/1/2015 to 20/3/2015 \$'000	For the year ended 31/12/2014 \$'000
Revenue	564	2,479
Profit after tax ⁽¹⁾	205	826
Other comprehensive income	–	–
Total comprehensive income	205	826
	As at 20/3/2015	As at 31/12/2014
Non-current asset	38,000	38,000
Current assets ⁽²⁾	1,342	1,372
Non-current liabilities ⁽³⁾	–	(11,634)
Current liabilities ⁽⁴⁾	(11,925)	(525)
Net assets	27,417	27,213
Group's interest in net assets of the jointly-controlled entity		
At beginning of the period/year	16,327	16,435
Share of total comprehensive income	123	496
Distributions received/receivable during the period/year	–	(604)
Transfer to investment in subsidiaries	(16,450)	–
At end of the period/year	–	16,327

⁽¹⁾ Includes the change in fair value of \$0.2 million (2014: \$0.8 million) arising from the adjustment for the effect of recognition of rental income on a straight line basis in accordance with FRS 17 Leases.

⁽²⁾ Includes cash and cash equivalents of \$1.0 million (2014: \$0.9 million) and deferred marketing service fees of \$0.35 million (2014: \$0.37 million).

⁽³⁾ Includes borrowings of \$Nil (2014: \$11.6 million).

⁽⁴⁾ Includes borrowings of \$11.6 million (2014: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in jointly-controlled entity (Cont'd)

The Group's share of the jointly-controlled entity's lease commitments is as follows:

	2015 \$'000	2014 \$'000
Non-cancellable operating lease rental receivable:		
– Within 1 year	–	1,089
– After 1 year but within 5 years	–	6,477
– After 5 years	–	27,844
	–	35,410

Non-cancellable operating lease payable:

	Gross amount ⁽⁵⁾ \$'000	Borne by tenants \$'000	Net amount ⁽⁶⁾ \$'000
2015			
Land rents			
JTC	–	–	–
2014			
Land rents			
JTC	20,828	(6,166)	14,662

⁽⁵⁾ This represents the land rents payable to JTC for the period from 1 May 2029 to the end of the land lease on 30 April 2059.

⁽⁶⁾ This represents the amount of land rent payable to JTC from 19 March 2038 to 30 April 2059, all of which is due after 5 years from the reporting date. Land rents payable prior to this period have been paid by the previous vendor or are payable by the tenant during the lease term.

7. Trade and other receivables

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables (gross)	2,633	2,308	2,521	2,308
Impairment losses	(1,372)	(1,197)	(1,372)	(1,197)
Trade receivables (net)	1,261	1,111	1,149	1,111
Deposits	1,200	3,373	1,200	3,373
Other receivables	1,801	1,717	2,180	1,717
Loans and receivables	4,262	6,201	4,529	6,201
Prepayments	5,390	4,701	5,035	4,701
Total trade and other receivables	9,652	10,902	9,564	10,902

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

7. Trade and other receivables (Cont'd)

Impairment losses

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

	Gross receivables 2015 \$'000	Impairment losses 2015 \$'000	Gross receivables 2014 \$'000	Impairment losses 2014 \$'000
Group				
Past due 0 – 30 days	890	–	97	–
Past due 31 – 120 days	375	16	18	–
More than 120 days past due	1,368	1,356	2,193	1,197
	<u>2,633</u>	<u>1,372</u>	<u>2,308</u>	<u>1,197</u>
Trust				
Past due 0 – 30 days	778	–	97	–
Past due 31 – 120 days	375	16	18	–
More than 120 days past due	1,368	1,356	2,193	1,197
	<u>2,521</u>	<u>1,372</u>	<u>2,308</u>	<u>1,197</u>

The movements in impairment loss in respect of trade receivables are as follows:

	Group and Trust 2015 \$'000	2014 \$'000
At 1 January	1,197	–
Impairment losses made	175	1,197
At 31 December	<u>1,372</u>	<u>1,197</u>

Trade receivables are individually assessed for impairment at the end of the financial year. The impairment loss relate to two debtors that are in financial difficulties and have defaulted in payments.

One of the debtors is in liquidation with its outstanding balances fully provided for while the other debtor is on a repayment schedule in respect of the past due balances. For the latter debtor, a provision of approximately \$1.2 million was made for the outstanding balances which were over 120 days past due and in excess of the bank guarantees held by CIT. The Manager has issued the debtor, who is no longer occupying the property, a statutory demand letter and is actively pursuing the outstanding balance.

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

Source of estimation uncertainty

The Manager maintains an allowance for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated on the basis of factors that affect the collectability of debtors, their payment behaviour and known market factors. The Manager continually reviews the age and status of receivables and identifies accounts for which impairment allowances are required.

The Group and the Trust's exposure to credit risk related to trade and other receivables is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and other payables

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current liabilities				
Trade payables and accrued operating expenses	8,663	13,255	8,464	13,245
Amounts due to related parties (trade):				
– the Manager	6,008	4,746	6,008	4,746
– the Property Manager	18	71	18	71
– the Trustee	97	94	97	94
Amount due to a subsidiary (non-trade)	–	–	1,640	1,478
Interest and loan commitment fee payable	2,438	2,024	799	546
Security deposits	3,290	1,509	3,290	1,509
Rent received in advance	113	909	113	909
Deposits and option fees received	–	89	–	89
Retention sums	3,268	3,717	3,268	3,717
Other payables	109	3	109	3
	<u>24,004</u>	<u>26,417</u>	<u>23,806</u>	<u>26,407</u>
Non-current liabilities				
Security deposits	7,383	7,006	7,382	7,006
Amounts due to the Manager*	1,360	5,292	1,360	5,292
	<u>8,743</u>	<u>12,298</u>	<u>8,742</u>	<u>12,298</u>
Total trade and other payables	<u>32,747</u>	<u>38,715</u>	<u>32,548</u>	<u>38,705</u>

* The amounts due to the Manager related to performance fees payable in excess of the annual fee cap which will be carried forward for payment in future half year periods. Further details are disclosed in Note 1B(ii).

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

The non-trade amount due to a subsidiary is unsecured and interest-free, and is repayable on demand.

Retention sums relate to certain investment properties acquired in the prior years.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

9. Interest-bearing borrowings

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current liabilities				
Fixed rate notes (unsecured)	–	50,000	–	–
Loan from subsidiary (unsecured)	–	–	–	50,000
Unamortised loan transaction costs	–	(48)	–	(48)
	–	49,952	–	49,952
Non-current liabilities				
Secured loans	100,000	300,000	100,000	300,000
Unsecured loan	113,500	–	113,500	–
Fixed rate notes (unsecured)	315,000	130,000	–	–
Loan from subsidiary (unsecured)	–	–	315,000	130,000
Unamortised loan transaction costs	(3,246)	(4,504)	(3,246)	(4,504)
	525,254	425,496	525,254	425,496
Total interest-bearing borrowings	525,254	475,448	525,254	475,448

The weighted average all in cost of debt on the borrowings as at 31 December 2015 was 3.7% (2014: 3.7%) per annum.

Terms and debt repayment schedule

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

Group	Nominal interest rate %	Year of maturity	←----- 2015 -----→		←----- 2014 -----→	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
Secured						
Term loan facility						
– S\$ floating rate loan	SOR* + margin	2017	100,000	100,000	100,000	100,000
Club loan facility						
– S\$ floating rate loan	SOR* + margin	2016	–	–	200,000	200,000
Unsecured						
Term loan facility						
– S\$ fixed rate loan	3.60%	2019	100,000	100,000	–	–
– S\$ floating rate loan	SOR* + margin	2019	13,500	13,500	–	–
Medium Term Notes						
– S\$ fixed rate notes	4.10%	2020	30,000	30,000	30,000	30,000
– S\$ fixed rate notes	3.50%	2018	155,000	155,000	100,000	100,000
– S\$ fixed rate notes	3.95%	2020	130,000	130,000	–	–
– S\$ fixed rate notes	4.75%	2015	–	–	50,000	50,000
			528,500	528,500	480,000	480,000

NOTES TO THE FINANCIAL STATEMENTS

9. Interest-bearing borrowings (Cont'd)

Trust	Nominal interest rate %	Year of maturity	2015		2014	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
Secured						
Term loan facility						
– S\$ floating rate loan	SOR* + margin	2017	100,000	100,000	100,000	100,000
Club loan facility						
– S\$ floating rate loan	SOR* + margin	2016	–	–	200,000	200,000
Unsecured						
Term loan facility						
– S\$ fixed rate loan	3.60%	2019	100,000	100,000	–	–
– S\$ floating rate loan	SOR* + margin	2019	13,500	13,500	–	–
Loans from a subsidiary						
– S\$ fixed rate loan	4.10%	2020	30,000	30,000	30,000	30,000
– S\$ fixed rate loan	3.50%	2018	155,000	155,000	100,000	100,000
– S\$ fixed rate loan	3.95%	2020	130,000	130,000	–	–
– S\$ fixed rate loan	4.75%	2015	–	–	50,000	50,000
			528,500	528,500	480,000	480,000

* Swap Offer Rate.

The nominal interest rate for the S\$ floating rate loans 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:

Group	Gross carrying amount \$'000	Contractual cash flows \$'000	Cash flow		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
2015					
Non-derivative financial liabilities					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Medium Term Notes					
– S\$ fixed rate notes	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate notes	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate notes	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,634	(32,634)	(23,891)	(8,743)	–
	561,134	(622,374)	(40,523)	(581,851)	–
Derivative financial asset					
Interest rate swaps	(604)	430	430	–	–
	560,530	(621,944)	(40,093)	(581,851)	–

NOTES TO THE FINANCIAL STATEMENTS

9. Interest-bearing borrowings (Cont'd)

Group	Gross carrying amount \$'000	Contractual cash flows \$'000	Cash flow		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
2014					
Non-derivative financial liabilities					
Club loan facility					
– S\$ floating rate loan	200,000	(209,031)	(6,341)	(202,690)	–
Term loan facility					
– S\$ floating rate loan	100,000	(105,868)	(2,065)	(103,803)	–
Medium Term Notes					
– S\$ fixed rate notes	50,000	(50,462)	(50,462)	–	–
– S\$ fixed rate notes	30,000	(36,554)	(1,014)	(4,923)	(30,617)
– S\$ fixed rate notes	100,000	(113,463)	(2,953)	(110,510)	–
Trade and other payables*	37,807	(37,807)	(25,509)	(12,298)	–
	517,807	(553,185)	(88,344)	(434,224)	(30,617)
Derivative financial asset					
Interest rate swaps	(287)	71	(71)	142	–
	517,520	(553,114)	(88,415)	(434,082)	(30,617)
Trust					
2015					
Non-derivative financial liabilities					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Loans from a subsidiary					
– S\$ fixed rate loan	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate loan	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate loan	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,435	(32,435)	(23,693)	(8,742)	–
	560,935	(622,175)	(40,325)	(581,850)	–
Derivative financial asset					
Interest rate swaps	(604)	430	430	–	–
	560,331	(621,745)	(39,895)	(581,850)	–
2014					
Non-derivative financial liabilities					
Club loan facility					
– S\$ floating rate loan	200,000	(209,031)	(6,341)	(202,690)	–
Term loan facility					
– S\$ floating rate loan	100,000	(105,868)	(2,065)	(103,803)	–
Loans from a subsidiary					
– S\$ fixed rate loan	50,000	(50,462)	(50,462)	–	–
– S\$ fixed rate loan	30,000	(36,554)	(1,014)	(4,923)	(30,617)
– S\$ fixed rate loan	100,000	(113,463)	(2,953)	(110,510)	–
Trade and other payables*	37,797	(37,797)	(25,499)	(12,298)	–
	517,797	(553,175)	(88,334)	(434,224)	(30,617)
Derivative financial asset					
Interest rate swaps	(287)	71	(71)	142	–
	517,510	(553,104)	(88,405)	(434,082)	(30,617)

* Trade and other payables exclude rent received in advance.

NOTES TO THE FINANCIAL STATEMENTS

9. Interest-bearing borrowings (Cont'd)

Details of the outstanding borrowings and collaterals are as follows:

(A) Secured Term Loan Facility (TLF1)

The Group has in place a secured \$100 million term loan facility ("TLF1") with National Australia Bank Limited. The TLF1 matures in April 2017.

The TLF1, which bears an interest rate comprising a margin plus swap offer rate per annum, is secured by way of the following:

- a mortgage over seven investment properties ("Portfolio Properties 1") with an aggregate carrying value of \$246.4 million (2014: \$246.4 million);
- a debenture creating fixed and floating charges on all present and future assets in relation to the Portfolio Properties 1;
- an assignment of all tenancy agreements, sales agreements, insurance policies, rental assignments, bankers' guarantees and property management agreement in relation to the Portfolio Properties 1; and
- an assignment of all rental, sale and insurance proceeds and all sums from time to time which the Trust is entitled to receive from Portfolio Properties 1.

As at 31 December 2015, the total amount outstanding under the TLF1 was \$100.0 million (2014: \$100.0 million).

(B) Unsecured Term Loan Facility (TLF2)

To fund the repayment of club loan facility ("CLF") in June 2015, the Group secured an unsecured \$150 million loan facility ("TLF2") consisting of:

- Facility A: \$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from date of loan drawdown; and
- Facility B: \$50 million revolving credit facility at an interest rate of a margin plus swap offer rate.

The TLF2 has a tenor of four years which matures in June 2019.

As at 31 December 2015, the total amount outstanding under the TLF2 was \$113.5 million (2014: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

9. Interest-bearing borrowings (Cont'd)

(C) Unsecured Medium Term Notes

On 2 February 2012, Cambridge Industrial Trust, through its wholly owned subsidiary, Cambridge-MTN Pte. Ltd. (the "Issuer"), established a \$500 million Multi-currency Medium Term Note Programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue notes (the "Notes") denominated in Singapore dollars and/or any other currencies.

The payment of all amounts payable in respect of the Notes are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) (the "Guarantor").

The Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

The Group issued the following notes under its MTN Programme:

- \$30 million 6-year Fixed Rate Notes issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which will mature in April 2020.
- \$155 million 4-year Fixed Rate Notes comprising Tranche 1 \$100 million issued in November 2014 and Tranche 2 \$55 million issued in January 2015, bearing a fixed interest rate of 3.50% per annum payable semi-annually in arrears which will mature in November 2018.
- \$130 million 5-year Fixed Rate Notes issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2020.

In March 2015, the Group made a redemption for the \$50 million 3-year Fixed Rate Notes issued in March 2012. The Notes bore a fixed interest rate of 4.75% per annum payable semi-annually in arrears and matured in March 2015.

The Issuer has on-lent the net proceeds from the issuance of the Notes to the Trust, which in turn, had used such proceeds to finance property acquisitions and/or repayment of existing loans.

NOTES TO THE FINANCIAL STATEMENTS

10. Derivative financial instruments

	Group and Trust	
	2015	2014
	\$'000	\$'000
Non-current asset		
Interest rate swaps	–	107
Current asset		
Interest rate swaps	604	180
Total derivative assets	604	287
Derivative financial instruments as a percentage of net assets	0.07%	0.03%

Interest rate swaps

The Group manages its exposure to interest rate movements on its floating rate loans and borrowings by entering into interest rate swaps. As at reporting date, the Group has interest rate swaps with a total notional amount of \$100.0 million (2014: \$250.0 million) to provide fixed rate funding at a weighted average effective interest rate of 0.88% (2014: 0.73%) per annum.

Offsetting financial assets and financial liabilities

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example if a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group and of the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

11. Units in issue

	Trust	
	2015 Number of units '000	2014 Number of units '000
Units in issue:		
At 1 January	1,269,030	1,239,339
Units created:		
– Distribution Reinvestment Plan	22,184	28,773
– Management fees paid in units (base fees)	6,475	918
– Acquisition fees paid in units	86	–
At 31 December	1,297,775	1,269,030
Units to be issued:		
– Management fees payable in units (base fees)	–	2,518
Total issued and issuable units at 31 December	1,297,775	1,271,548

Distribution Reinvestment Plan

During the financial year, the Trust issued a total of 22.2 million units (2014: 28.8 million units) in lieu of distribution payments pursuant to a Distribution Reinvestment Plan (“DRP”), whereby the Unitholders have the option 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
2015			
27 February 2015	6,960,810	0.6669	1 October 2014 to 31 December 2014
10 June 2015	7,392,728	0.6886	1 January 2015 to 31 March 2015
8 September 2015	1,823,992	0.6499	1 April 2015 to 30 June 2015
8 December 2015	6,007,201	0.6072	1 July 2015 to 30 September 2015
2014			
28 February 2014	7,682,235	0.6737	1 October 2013 to 31 December 2013
4 June 2014	8,526,823	0.7168	1 January 2014 to 31 March 2014
9 September 2014	7,327,516	0.6980	1 April 2014 to 30 June 2014
12 December 2014	5,236,573	0.6835	1 July 2014 to 30 September 2014

Units issued in lieu of distribution payment pursuant to DRP rank *pari passu* in all respects with the units in issue which include the entitlement to all future distributions.

NOTES TO THE FINANCIAL STATEMENTS

11. Units in issue (Cont'd)

Management fees paid in units

During the financial year, the Trust issued a total of 6.5 million units (2014: 3.4 million units comprising 0.9 million issued units and 2.5 million units issued after the year end) to the Manager as partial payment for management fees as follows:

Date of Issue	Number of units issued	Issue price per unit (\$)	Period relating to
2015			
16 January 2015	2,513,309	0.6813	1 October 2014 to 31 December 2014
24 April 2015	1,214,643	0.7173	1 January 2015 to 31 March 2015
28 July 2015	1,317,344	0.6856	1 April 2015 to 30 June 2015
27 October 2015	1,429,730	0.6230	1 July 2015 to 30 September 2015
2014			
24 October 2014	917,480	0.7040	1 July 2014 to 30 September 2014

In 2014, the Manager elected payment in units for its total management fee for the quarter ended 31 December 2014. These units, approximately 2.5 million, which were due for issuance as at 31 December 2014, were issued in January 2015.

Units issued as partial settlement rank *pari passu* in all respects with the units in issue which include the entitlement to all future distributions.

Unitholders' rights

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.

NOTES TO THE FINANCIAL STATEMENTS

12. Gross revenue

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property rental income	111,541	99,278	109,545	99,278
Other income	703	64	703	64
	<u>112,244</u>	<u>99,342</u>	<u>110,248</u>	<u>99,342</u>

13. Property expenses

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Land rental	7,362	5,629	7,362	5,629
Property tax	6,217	4,443	6,217	4,443
Repair and maintenance expenses	5,136	3,995	5,136	3,995
Property and lease management fees	4,791	3,955	4,736	3,955
Other property operating expenses	2,582	3,512	2,546	3,512
	<u>26,088</u>	<u>21,534</u>	<u>25,997</u>	<u>21,534</u>

14. Management fees and performance fees

	Group and Trust	
	2015 \$'000	2014 \$'000
Management fees		
– Amounts paid and payable in cash	4,450	4,210
– Amounts paid and payable in units	<u>2,665</u>	<u>2,358</u>
	7,115	6,568
Performance fees		
– Amounts paid and payable in cash	–	1,684
	<u>7,115</u>	<u>8,252</u>

The performance fee calculation methodology was revised and approved at the Extraordinary General Meeting on 19 May 2015, from a total return based formula to a DPU Growth Model. The performance fee in the DPU Growth Model is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year.

The DPU growth is measured by the excess of DPU for such financial year to the Highest DPU Threshold achieved by the Trust in the previous years for which a performance fee was payable. For the purpose of calculation of the performance fee payable under the revised performance fee structure, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

There is no performance fee payable for the current financial year as the Trust has not outperformed the initial Highest DPU threshold of 6.000 cents for FY2015. In any case, the Manager opted to waive the performance fee entitlement for FY2015 and FY2016.

The total amount of performance fee accruing to the Manager under the previous performance fee structure was approximately \$5.6 million as at 31 December 2015 and will be paid in instalments every six months in January and July, subject to the fee cap arrangement under the Trust Deed. The full settlement of the total fee payable is expected by January 2017.

Please see Note 1B(ii) for more details on the revised performance fee structure and Note 11 for the Manager's base fees payable in units.

NOTES TO THE FINANCIAL STATEMENTS

15. Trust expenses

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trustee's fees	385	364	385	364
Valuation fees	125	126	121	126
Professional fees	965	436	914	413
Other expenses	851	505	915	529
	<u>2,326</u>	<u>1,431</u>	<u>2,335</u>	<u>1,432</u>

Included in the professional fees are audit fees paid/payable to the auditors of the Group amounting to \$180,000 (2014: \$186,000) and non-audit fees paid/payable to the auditors of the Group amounting to \$118,000 (2014: \$110,000). The non-audit fees comprise mainly tax compliance fees of \$78,000 (2014: \$40,000) and tax advisory fees of \$40,000 (2014: \$70,000).

The trust expenses increased due to costs incurred in connection with the acquisition of remaining 40% partnership interest in Cambridge SPV1 LLP in March 2015 (See Note 22 for more details), legal and professional fees relating to general corporate works and the revision of the performance fee structure.

16. Borrowing costs

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Borrowing costs paid and payable:				
– bank loans	8,743	9,014	8,391	9,014
– financial derivatives	(88)	1,660	(88)	1,660
– fixed rate notes	10,145	3,754	10,145	3,754
Amortisation of transaction costs				
relating to debt facilities	3,420	3,566	3,334	3,566
Total borrowing costs	<u>22,220</u>	<u>17,994</u>	<u>21,782</u>	<u>17,994</u>
Borrowing costs capitalised in investment properties	–	(367)	–	(367)
	<u>22,220</u>	<u>17,627</u>	<u>21,782</u>	<u>17,627</u>

NOTES TO THE FINANCIAL STATEMENTS

17. Gain on disposal of investment property

The gain on disposal of investment property represents the excess of proceeds from disposal over the carrying value of property disposed of during the previous financial year.

18. Income tax expense

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Reconciliation of effective tax rate				
Total return for the year before income tax	52,517	45,418	52,362	45,524
Income tax using Singapore tax rate of 17% (2014: 17%)	8,928	7,721	8,902	7,739
Income not subject to tax	–	(178)	–	(178)
Non-tax deductible items	1,225	2,268	1,251	2,250
Tax transparency	(10,153)	(9,709)	(10,153)	(9,709)
Income tax expense	–	102	–	102

Income tax expense in the previous financial year relates to tax payable on the rental support income received by the Trust.

In 2013, the Group recorded a gain from the disposal of the Trust's interest in the 63 Hillview property. The Manager is of the view that the gain is capital in nature and should not be subject to income tax. No provision has been made for the contingent tax. If the gain is taxable, income tax payable on the gain, based on management's estimate, would be approximately \$11.4 million.

NOTES TO THE FINANCIAL STATEMENTS

19. Earnings and distribution per unit

(a) Basic earnings per unit

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

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return before income tax	52,517	45,418	52,362	45,524
Less: income tax expense	–	(102)	–	(102)
Total return after income tax	52,517	45,316	52,362	45,422

	Group and Trust Number of Units	
	2015 '000	2014 '000
Weighted average number of units:		
– Units issued at beginning of year	1,269,030	1,239,339
Effect of issue of new units:		
– Distribution Reinvestment Plan	10,995	13,966
– Management fees paid in units	4,064	173
– Acquisition fees paid in units	66	–
	1,284,155	1,253,478

	Group		Trust	
	2015	2014	2015	2014
Basic earnings per unit (cents)	4.090	3.615	4.078	3.624

(b) Diluted earnings per unit

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

(c) Distribution per unit

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

	Group and Trust	
	2015 \$'000	2014 \$'000
Total amount available for distribution	61,813	63,035

	Number of Units	
	2015 '000	2014 '000
Applicable number of units for the calculation of DPU	1,289,652	1,259,692
Distribution per unit (cents)	4.793	5.004

NOTES TO THE FINANCIAL STATEMENTS

20. Equity issue costs

The equity issue costs of \$295,000 (2014: \$259,000) incurred in relation to the distribution reinvestment plan are deducted directly against Unitholders' funds.

21. Determination of fair values of investment properties

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment properties

Investment properties are stated at fair value based on valuations as at 31 December 2015 performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in the Statement of Total Return.

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 direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting 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 direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected rate of return.

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

NOTES TO THE FINANCIAL STATEMENTS

21. Determination of fair values of investment properties (Cont'd)

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous year.

The table below analyses non-financial assets carried at fair value.

Group	Level 3 \$'000
31 December 2015	
Investment properties (including investment properties held for divestment)	<u>1,418,000</u>
31 December 2014	
Investment properties (including investment properties held for divestment)	<u>1,346,880</u>
Trust	
31 December 2015	
Investment properties (including investment properties held for divestment)	<u>1,379,700</u>
31 December 2014	
Investment properties (including investment properties held for divestment)	<u>1,346,880</u>

NOTES TO THE FINANCIAL STATEMENTS

21. Determination of fair values of investment properties (Cont'd)

Level 3 fair values

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

The following table shows the key unobservable inputs used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment properties</i>		
Discounted cash flow approach and capitalisation approach	<ul style="list-style-type: none"> • Market rental growth of 3.00% to 4.00% per annum • Risk-adjusted discount rates from 8.00% to 8.25% • Capitalisation rates from 5.75% to 7.50% 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • expected market rental growth were higher/(lower); or • the risk-adjusted discount rate were lower/(higher).

Key unobservable inputs correspond to:

- Capitalisation rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

22. Acquisition of subsidiary

In March 2015, the Trust incorporated a wholly owned subsidiary, Cambridge SPV2 Pte. Ltd. ("CSPV2") with a capital of \$1. The Trust, together with CSPV2, increased its equity interest in Cambridge SPV1 LLP ("CSPV1") from 60% to 100% by acquiring the remaining 40% partnership interest in CSPV1 from Oxley Projects Pte. Ltd., an interested party to the Trust ("Cambridge LLP Acquisition"). CSPV1 became a wholly owned entity of the Trust and its accounts are consolidated upon completion of the Cambridge LLP Acquisition in March 2015.

In the nine-months to 31 December 2015, CSPV1 contributed revenue of \$2.0 million and total return of \$1.2 million of the Group's results. If the acquisition had occurred on 1 January 2015, the Manager estimates that consolidated gross revenue would have been \$112.8 million and total return for the year would have been \$52.7 million.

The previously held equity interest was at fair value as the investment property owned by CSPV1 was stated at fair value. Accordingly, there was no resulting gain or loss recognised in profit or loss arising from the valuation of the interest held before CSPV1 became a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

22. Acquisition of subsidiary (Cont'd)

Identifiable net assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	\$'000
Investment property ^(a)	4	38,000
Other assets		1,342
Interest-bearing borrowings (net of transaction costs)		(11,653)
Other liabilities		(272)
Total identifiable net assets at fair value		<u>27,417</u>

^(a) In determining the fair value of the investment property acquired in a business combination, an independent valuer had been engaged by the Group to undertake a valuation of the property at the date of the acquisition. The investment property was stated at fair value of \$38.0 million based on a valuation performed by Knight Frank Pte Ltd ("Knight Frank"), an independent professional valuer as at 31 December 2014. Knight Frank confirmed that there was no significant change to the fair value of \$38.0 million for the investment property as at the acquisition date.

In determining the fair value, the valuer has 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.

Knight Frank has considered valuation techniques such as capitalisation approach and discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of the investment property includes market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

Consideration transferred

	\$'000
Total identifiable net assets at fair value	27,417
Less: Fair value of equity interest in subsidiary held by the Group immediately before the acquisition	<u>(16,450)</u>
Total consideration transferred	10,967
Less: Cash and cash equivalents of subsidiary acquired	<u>(385)</u>
Net cash outflow on acquisition of subsidiary	<u>10,582</u>

Acquisition-related costs

The Group incurred acquisition-related costs of approximately \$0.2 million on legal fees and due diligence costs. These costs have been included in trust expenses.

23. Commitments

(a) Lease commitments

CIT's investment properties are leased. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Receivable:				
– Within 1 year	102,378	98,154	100,538	98,154
– After 1 year but within 5 years	209,916	226,960	200,427	226,960
– After 5 years	166,887	88,786	119,098	88,786
	<u>479,181</u>	<u>413,900</u>	<u>420,063</u>	<u>413,900</u>

NOTES TO THE FINANCIAL STATEMENTS

23. Commitments (Cont'd)

(b) Operating lease commitments

CIT is required to pay annual land rent to Jurong Town Corporation ("JTC"), Housing & Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") for 30 properties (2014: 27 properties).

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 \$7.4 million for 30 properties (2014: \$5.6 million for 27 properties).

As at 31 December 2015 and 31 December 2014, CIT had the following operating lease commitments based on the underlying land leases which range from 27 to 99 years.

Group	Gross amount \$'000	Borne by tenants \$'000	Net amount \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2015						
Land rents						
- JTC	357,295	(147,579)	209,716	5,995	22,172	181,549
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>468,729</u>	<u>(147,579)</u>	<u>321,150</u>	<u>9,013</u>	<u>34,243</u>	<u>277,894</u>
2014						
Land rents						
- JTC	358,218	(184,320)	173,898	4,898	24,488	144,512
- HDB	93,962	(28,894)	65,068	1,677	8,383	55,008
- Ascendas	20,139	-	20,139	563	2,813	16,763
	<u>472,319</u>	<u>(213,214)</u>	<u>259,105</u>	<u>7,138</u>	<u>35,684</u>	<u>216,283</u>
Trust						
2015						
Land rents						
- JTC	324,175	(137,774)	186,401	5,995	22,172	158,234
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>435,609</u>	<u>(137,774)</u>	<u>297,835</u>	<u>9,013</u>	<u>34,243</u>	<u>254,579</u>
2014						
Land rents						
- JTC	358,218	(184,320)	173,898	4,898	24,488	144,512
- HDB	93,962	(28,894)	65,068	1,677	8,383	55,008
- Ascendas	20,139	-	20,139	563	2,813	16,763
	<u>472,319</u>	<u>(213,214)</u>	<u>259,105</u>	<u>7,138</u>	<u>35,684</u>	<u>216,283</u>

(c) Capital commitments

As at the reporting date, the Group had \$2.0 million (2014: \$7.5 million) of capital expenditure commitments relating to asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided in the consolidated financial statements. These capital projects are targeted to be completed in 2016.

NOTES TO THE FINANCIAL STATEMENTS

24. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group 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 the Manager 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:

	Group and Trust	
	2015	2014
	\$'000	\$'000
Cambridge Industrial Trust Management Limited		
(the Manager)		
Management fees paid and payable		
– in cash	4,450	4,210
– in units	2,665	2,358
Performance fees paid and payable	–	1,684
Acquisition fee paid		
– in cash	162	1,408
– in units	60	–
Disposal fee paid	–	39
Cambridge Industrial Property Management Pte. Ltd.		
(Subsidiary of immediate holding company of the Manager)		
Property manager's fees paid and payable	3,282	2,962
Lease marketing services commission paid and payable	1,803	3,210
Project management fees paid and payable	137	813
RBC Investor Services Trust Singapore Limited		
(the Trustee)		
Trustee fees paid and payable	385	364
National Australia Bank Limited		
(Related company of the Manager) (Note 1)		
Loan disbursed	13,125	14,185
Loan repaid	88,125	18,750
Loan transaction costs paid and payable	20	22
Commitment fee paid and payable	74	89
Interest paid and payable	3,753	4,628
Hedging costs paid/payable on partial unwinding of interest rate swaps	175	–
Oxley Projects Pte. Ltd.		
(Related company of the Manager) (Note 2)		
Acquisition of remaining 40% partnership interest in Cambridge SPV1 LLP	10,967	–
Note 1:	National Australia Bank Limited ("NAB"), which is the ultimate holding company of nabInvest Capital Partners Pty Limited ("nabInvest Capital") in Australia, is related to the Manager by virtue of nabInvest Capital's indirect equity interest of 56% in the Manager.	
Note 2:	Oxley Projects Pte. Ltd., which is a subsidiary of the Oxley Global Limited, is related to the Manager by virtue of Oxley Global's indirect equity interest of 24% in the Manager.	

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments

Financial risk management

Capital management

As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Trust's capital and debt management regularly so as to optimise the Trust's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

During the year, the Group was subject to the Aggregate Leverage limit as defined in the Property Fund Appendix of the CIS code. The CIS code stipulated that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35% of the fund's deposited property (up to a maximum of 60%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's was obtained and disclosed to the public. The property fund was required to maintain and disclose a credit rating so long as its aggregate leverage exceeded 35% of the fund's deposited property.

The Trust has maintained its corporate rating of "BBB-/Stable/--" with Standard and Poor's and obtained an issuer rating of "Baa3" with Moody's Investors Service. The Trust complied with the Aggregate Leverage limit of 60% during the financial year. There were no changes in the Trust's approach to capital management during the financial year.

As at the reporting date, the gross amounts of loans and borrowings as a percentage of total assets was 36.9% (2014: 34.8%).

With effect from 1 January 2016, real estate investment trusts ("REITS") are subject to a single-tier aggregate leverage limit of 45% without the requirement of a credit rating and the option for REITS to increase their aggregate leverage up to 60% by obtaining a credit rating has been removed.

Overview

The Group 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. The Manager continually monitors the Group'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 Group'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, which is outsourced to a public accounting firm, 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 the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors amounts receivable on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. In addition, the Group requires the lessees to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to CIT.

The Manager establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, except as disclosed in Note 7, 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 Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (Cont'd)

Interest rate risk

The Group'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. The Group adopts a policy of ensuring that the majority of its exposures to changes in interest rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

(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 2015 and 31 December 2014 and the periods at which they reprice.

Group	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
2015					
Financial liabilities					
Interest-bearing borrowings					
– S\$ variable rate	2.58	100,000	–	–	100,000
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ variable rate	2.82	13,500	–	–	13,500
Medium Term Notes					
– S\$ fixed rate notes	4.10	–	30,000	–	30,000
– S\$ fixed rate notes	3.50	–	155,000	–	155,000
– S\$ fixed rate notes	3.95	–	130,000	–	130,000
		113,500	415,000	–	528,500
Financial assets					
Derivative financial instruments	0.88	–	604	–	604
2014					
Financial liabilities					
Interest-bearing borrowings					
– S\$ variable rate	2.67	200,000	–	–	200,000
– S\$ variable rate	2.00	100,000	–	–	100,000
Medium Term Notes					
– S\$ fixed rate notes	4.75	–	50,000	–	50,000
– S\$ fixed rate notes	4.10	–	–	30,000	30,000
– S\$ fixed rate notes	3.50	–	100,000	–	100,000
		300,000	150,000	30,000	480,000
Financial assets					
Derivative financial instruments	0.73	–	287	–	287

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (Cont'd)

Interest rate risk (Cont'd)

(a) Effective interest rates and repricing analysis (Cont'd)

Trust	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
2015					
Financial liabilities					
Interest-bearing borrowings					
– S\$ variable rate	2.58	100,000	–	–	100,000
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ variable rate	2.82	13,500	–	–	13,500
Loans from a subsidiary					
– S\$ fixed rate loan	4.10	–	30,000	–	30,000
– S\$ fixed rate loan	3.50	–	155,000	–	155,000
– S\$ fixed rate loan	3.95	–	130,000	–	130,000
		113,500	415,000	–	528,500
Financial assets					
Derivative financial instruments	0.88	–	604	–	604
2014					
Financial liabilities					
Interest-bearing borrowings					
– S\$ variable rate	2.67	200,000	–	–	200,000
– S\$ variable rate	2.00	100,000	–	–	100,000
Loans from a subsidiary					
– S\$ fixed rate loan	4.75	–	50,000	–	50,000
– S\$ fixed rate loan	4.10	–	–	30,000	30,000
– S\$ fixed rate loan	3.50	–	100,000	–	100,000
		300,000	150,000	30,000	480,000
Financial assets					
Derivative financial instruments	0.73	–	287	–	287

(b) Sensitivity analysis

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

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (Cont'd)

Sensitivity analysis for variable rate instruments

As at 31 December 2015 and 2014, a change of 100 basis points in interest rates would have increased/(decreased) Unitholders' funds and total return by the amounts shown below:

Group	Total Return		Unitholders' Funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
31 December 2015				
Variable rate instruments				
– Interest expense	(1,135)	1,619	(1,135)	1,619
Interest rate swaps				
– Interest expense	1,000	(1,427)	1,000	(1,427)
– Change in fair value of financial derivatives	1,136	(845)	1,136	(845)
	<u>1,001</u>	<u>(653)</u>	<u>1,001</u>	<u>(653)</u>
31 December 2014				
Variable rate instruments				
– Interest expense	(3,000)	2,213	(3,000)	2,213
Interest rate swaps				
– Interest expense	2,500	(1,845)	2,500	(1,845)
– Change in fair value of financial derivatives	3,455	(2,591)	3,455	(2,591)
	<u>2,955</u>	<u>(2,223)</u>	<u>2,955</u>	<u>(2,223)</u>

The Group does not designate interest rate swaps as hedging instruments under a cash flow hedge accounting model. Therefore a change in interest rates at the reporting date would not affect Unitholders' funds.

Currency risk

At present, all transactions involving the Group are denominated in Singapore dollars and the Group 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 the Group and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. Typically, the Group ensures that it has sufficient cash on demand and committed revolving credit facilities 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 predicted, such as natural disasters.

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

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (Cont'd)

Determination of fair values

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

(a) Financial derivatives

The fair values of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

(b) Floating Interest-Bearing Borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows. The carrying amounts of interest-bearing borrowings which are repriced quarterly approximate the corresponding fair values (see Note 9).

(c) Fixed rate notes

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

(d) 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.

Fair value hierarchy

The table below analyses recurring financial assets and liabilities carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous year.

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments (Cont'd)

Financial assets and liabilities carried at fair value

Group and Trust	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2015				
Interest rate swaps	–	604	–	604
31 December 2014				
Interest rate swaps	–	287	–	287

*Financial assets and liabilities not carried at fair value but for which fair values are disclosed**

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2015				
Fixed rate loan	–	–	100,009	100,009
Fixed rate notes	–	–	315,024	315,024
	–	–	415,033	415,033
31 December 2014				
Fixed rate notes	–	–	179,466	179,466
Trust				
31 December 2015				
Fixed rate loan	–	–	100,009	100,009
Loans from a subsidiary	–	–	315,024	315,024
	–	–	415,033	415,033
31 December 2014				
Loans from a subsidiary	–	–	179,466	179,466

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

26. Classification and fair value of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Group	Note	Loans and receivables \$'000	Fair value through profit or loss \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
31 December 2015						
Trade and other receivables*	7	4,262	–	–	4,262	4,262
Cash and cash equivalents		2,656	–	–	2,656	2,656
Derivative financial instruments	10	–	604	–	604	604
Loans and borrowings	9	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables^	8	–	–	(32,634)	(32,634)	(32,634)
		6,918	604	(557,888)	(550,366)	(552,753)
31 December 2014						
Trade and other receivables*	7	6,201	–	–	6,201	6,201
Cash and cash equivalents		6,100	–	–	6,100	6,100
Derivative financial instruments	10	–	287	–	287	287
Loans and borrowings	9	–	–	(475,448)	(475,448)	(484,659)
Trade and other payables^	8	–	–	(37,806)	(37,806)	(37,806)
		12,301	287	(513,254)	(500,666)	(509,877)
Trust						
31 December 2015						
Trade and other receivables*	7	4,529	–	–	4,529	4,529
Cash and cash equivalents		2,231	–	–	2,231	2,231
Derivative financial instruments	10	–	604	–	604	604
Loans and borrowings	9	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables^	8	–	–	(32,435)	(32,435)	(32,435)
		6,760	604	(557,689)	(550,325)	(552,712)
31 December 2014						
Trade and other receivables*	7	6,201	–	–	6,201	6,201
Cash and cash equivalents		6,086	–	–	6,086	6,086
Derivative financial instruments	10	–	287	–	287	287
Loans and borrowings	9	–	–	(475,448)	(475,448)	(484,659)
Trade and other payables^	8	–	–	(37,796)	(37,796)	(37,796)
		12,287	287	(513,244)	(500,670)	(509,881)

* Excludes prepayments and option fees paid.

^ Excludes rent received in advance.

NOTES TO THE FINANCIAL STATEMENTS

27. Segment reporting

Segment information is presented based on the information reviewed by CIT's Chief Operating Decision Makers (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 the Group 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*. The Group has one tenant who contributed more than 6.9% (2014: 7.3%) of its total revenue during the financial year. The revenue contributed by this tenant was approximately \$7.5 million (2014: \$7.2 million).

Accordingly, no operating segment information has been prepared as the Group has only one reportable segment. No geographical segment information has been prepared as all of the Group's investment properties are located in Singapore.

28. Financial ratios

	2015 %	2014 %
Expenses to weighted average net assets ⁽¹⁾		
– Expense ratio excluding performance-related fee	1.08	0.92
– Expense ratio including performance-related fee ⁽²⁾	1.08	1.12
Portfolio turnover rate ⁽³⁾	3.92	0.90

⁽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 expense ratio including performance-related fee would have been 1.56 (2014: 1.43) if adjusted for actual performance fee paid and payable of \$4.2 million (2014: \$4.4 million) for the financial year. The payment of performance fees are subject to an annual fee cap.

⁽³⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CIT expressed as a percentage of daily average net asset value.

ADDITIONAL INFORMATION

Interested Person Transactions ("IPTs")

The transactions entered into with interested persons ("IPTs") during the financial year and fall within the Listing Manual of the SGX-ST (IPTs defined as interested person transactions) and the Property Funds Appendix of the CIS Code (IPTs defined as interested party transactions) are:

Name of Interested Persons	Aggregate value of all IPTs conducted during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs conducted under the IPTs' mandate or Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Cambridge Industrial Trust Management Limited (the Manager)		
Management fees paid and payable		
– in cash	4,450	–
– in units	2,665	–
Acquisition fee paid		
– in cash	162	–
– in units	60	–
Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)		
Property manager's fees paid and payable	3,282	–
Lease marketing services commission paid and payable	1,803	–
Project management fees paid and payable	137	–
RBC Investor Services Trust Singapore Limited (the Trustee)		
Trustee fees paid and payable	385	–
National Australia Bank Limited (Related company of the Manager)⁽¹⁾		
Loan disbursed	13,125	–
Loan repaid	88,125	–
Interest expense paid and payable	3,753	–
Hedging costs paid/payable on partial unwinding of interest rate swaps	175	–
Oxley Projects Pte. Ltd. (Related company of the Manager)⁽²⁾		
Acquisition of remaining 40% partnership interest in Cambridge SPV1 LLP	10,967	–

Except as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into up to and including 31 December 2015.

Note:

⁽¹⁾ National Australia Bank Limited ("NAB") which is the ultimate holding company of nabInvest Capital Partners Pty Limited ("nabInvest Capital") in Australia, is related to the Manager by virtue of nabInvest Capital's indirect equity interest of 56% in the Manager.

⁽²⁾ Oxley Projects Pte. Ltd., which is a subsidiary of the Oxley Global Limited ("Oxley Global"), is related to the Manager by virtue of Oxley Global's indirect equity interest of 24% in the Manager.

ADDITIONAL INFORMATION

Interested Person Transactions ("IPTs") (Cont'd)

Please also see significant Related Party Transactions in Note 24 to the financial statements.

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

Acquisition of Properties in FY2015

The following properties are acquired during the financial year:

Properties	Vendor acquired from	Purchase consideration (excluding acquisition related costs) \$ million
1 160A Gul Circle ⁽¹⁾	Unicable Pte.Ltd.	16.2
2 3 Tuas South Ave 4 ⁽²⁾	Oxley Projects Pte. Ltd.	11.0
Total		27.2

Note:

⁽¹⁾ The purchase consideration for this property, which was the same as the valuation as at date of acquisition, excludes the upfront land premium of \$2.9 million.

⁽²⁾ This refers to the acquisition of the remaining 40% partnership interest in Cambridge SPV1 LLP ("CSPV1") which holds the property. This property was consolidated into the Group when CSPV1 became a subsidiary of the Group on 20 March 2015. Please see Note 5 and Note 22 for more details.

Sale of Properties in FY2015

There were no property divestments in FY2015.

ADDITIONAL INFORMATION

(A) Fees Payable to the Manager

Under the revised Code on Collective Investment Schemes ("CIS") issued by the Monetary Authority of Singapore ("MAS") on 14 July 2015, where fees are payable to the Manager out of the deposited property of the Trust, the justifications and methodology for each type of fees payable should be disclosed. The methodology for computing the fees is disclosed in Note 1 of the audited financial statements for FY2015.

Management Fees

The Manager is entitled to receive a base fee and performance fee for the management of the Trust's portfolio. The payment for the total of base fee and performance fee is capped at 0.8% per annum of the Trust's total deposited property under the Clause 15.1.3 of the Trust Deed. The amount in excess of the fee cap will be carried forward for payment in future financial years.

Base Fee

The Base Fee enables the Manager to cover operational and administrative overheads incurred in the management of the portfolio. The fee is computed at 0.5% per annum of the deposited property value in accordance with Clause 15.1.1 of the Trust Deed. The fee is calculated at a percentage of asset value as the asset value provides an appropriate metric to determine the resources for managing the assets.

Based on the Manager's election, the fee is payable in cash, units or a combination of both. Under the Trust Deed, the cash component of the base fee is payable monthly in arrears within 30 days of the calendar month while the unit component of the base fee is accrued and issued within 30 days of the relevant financial quarter.

The issue price for the manager fees paid in units is determined based on the volume weighted average price for a Unit for all the trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST") in the ordinary course of trading on the SGX-ST for the period of ten business days ("10 days VWAP") immediately preceding the date of the Trust's result announcement for the relevant quarter.

Performance Fee

The Manager's performance is measured by the growth of distribution per unit ("DPU Growth Model") of the Trust.

The performance fee under the DPU Growth Model is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year. The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a performance fee was payable ("Highest DPU Threshold"). Whenever a performance fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a performance fee in future, the Manager would have to outperform the adjusted Highest DPU Threshold.

The pegging of the Performance Fee to DPU aligns the interests of Manager and Unitholders as the compensation commensurate with the value the Manager delivers to Unitholders as a whole in the form of distributable income.

With DPU Growth Model, the Manager will be more committed to providing the Unitholders with stable distributions on a more sustainable basis. The Manager is motivated to increase DPU through the efficient portfolio management, astute cost management and effective capital management. This can be achieved by proactive organic and external growth strategies such as asset enhancement initiatives, acquisitions, developments and divestments to continually rebalance the portfolio and sustain income accretions. Taking on short-term risks is deterred as the Manager strives to achieve sustainability.

ADDITIONAL INFORMATION

(A) Fees Payable to the Manager (Cont'd)

Performance Fee (Cont'd)

The fee is payable in cash, units or a combination of both at the option of the Manager. Under Clause 15.1.2 of the Trust Deed, the performance fee, whether in cash or units, is payable in arrears within 30 days of the financial year end.

The issue price for the performance fees paid in units is determined based on the greater of, five business day VWAP before and after the relevant financial year end (ie 10 days VWAP in total) and gross asset value per unit.

Acquisition Fee

The Acquisition Fee, computed at 1.0% of the purchase price excluding GST, earned by the Manager is contingent upon the successful completion of property acquisitions. This fee entitlement is prescribed in Clause 15.2 of the Trust Deed. This fee seeks to motivate and compensate the Manager for efforts expended to continually seek out and acquire DPU accretive assets to increase sustainable returns for Unitholders.

The Acquisition Fee also allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to due diligence efforts and man hours spent in evaluating the transaction.

As required by the Property Funds Appendix, where the acquisition fees are to be paid to the Manager for the acquisition of assets from an interested party, the acquisition fees are to be paid in the form of units at the prevailing market price which should not be sold for a period of one year from their date of issuance. As the Manager's interest is closely tied to the performance of DPU, this ensures that related party acquisition performs and contributes to Unitholders' returns.

Please see Note 1 of the audited financial statements for FY2015 for computation methodology.

Divestment Fee

The Divestment Fee, computed at 0.5% of the sale price excluding GST, earned by the Manager is contingent upon the successful completion of property divestments. This fee entitlement is prescribed in Clause 15.3 of the Trust Deed. This fee seeks to motivate and compensate the Manager for its efforts expended to continually rebalance the portfolio and maximise value received by the Trust in the divestment. In addition, the Divestment Fee allows the Manager to recover the additional costs and resources incurred by the Manager for the divestment, including but not limited to due diligence efforts and man hours spent in marketing and maximising the divestment price.

As required by the Property Funds Appendix, where divestment fees are to be paid to the Manager for the divestment of assets to an interested party, the divestment fees are to be paid in the form of units at the prevailing market price which should not be sold for a period of one year from their date of issuance.

Please see Note 1 of the audited financial statements for FY2015 for computation methodology.

ADDITIONAL INFORMATION

(B) Ratio of total operating expenses to net asset value

The revised CIS issued by MAS on 14 July 2015 requires that the total operating expenses (including all fees and charges paid to the Manager) be disclosed in both absolute terms and as a percentage of the net asset value of the Trust as at the end of the financial year.

The total operating expenses of the Trust, including all fees, charges paid to the Manager and interested parties to net asset value as at 31 December 2015 is as follows:

	2015	2014
	\$'000	\$'000
Property expenses	26,088	21,534
Management fees	7,115	6,568
Performance fees	–	1,684
Trust expenses	2,326	1,431
Borrowing costs	22,220	17,627
Total operating expenses	57,749	48,844
Less: Income tax	–	(102)
	<u>57,749</u>	<u>48,742</u>
Net asset value	872,911	866,333
Ratio of total operating expenses to net asset value (%)	6.6	5.6

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STATISTICS OF UNITHOLDERS

AS AT 14 MARCH 2016

Issued and Fully Paid-Up Units

1,304,434,416 Ordinary Units (voting rights: one vote per Unit)

Market Capitalisation \$717.4 million (based on closing price of \$0.55 as at 14 March 2016)

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Units in Issue
1 – 99	143	1.39	5,888	0.00
100 – 1,000	650	6.34	465,017	0.03
1,001 – 10,000	3,766	36.73	21,349,309	1.64
10,001 – 1,000,000	5,643	55.03	303,113,631	23.24
1,000,001 and above	52	0.51	979,500,571	75.09
Total	10,254	100.00	1,304,434,416	100.00

Twenty Largest Unitholders

As shown in the Register of Unitholders

No.	Name	No. of Units	% of Units In Issue
1	CITIBANK NOMINEES SINGAPORE PTE LTD	283,117,697	21.71
2	DBS NOMINEES PTE LTD	188,045,764	14.42
3	RAFFLES NOMINEES (PTE) LTD	148,063,769	11.35
4	ABN AMRO NOMINEES SINGAPORE PTE LTD	50,203,249	3.85
5	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	45,560,809	3.49
6	HSBC (SINGAPORE) NOMINEES PTE LTD	38,247,285	2.93
7	DBSN SERVICES PTE LTD	31,096,774	2.38
8	RHB SECURITIES SINGAPORE PTE LTD	24,135,779	1.85
9	MITSUI AND CO LTD	21,018,412	1.61
10	COSMIC INSURANCE CORPORATION LIMITED - SIF	15,570,520	1.19
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	11,732,825	0.90
12	BANK OF SINGAPORE NOMINEES PTE LTD	9,508,740	0.73
13	S C WONG HOLDINGS PTE. LTD.	8,885,295	0.68
14	OCBC NOMINEES SINGAPORE PTE LTD	8,006,709	0.61
15	DBS VICKERS SECURITIES (S) PTE LTD	7,084,761	0.54
16	MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	6,472,423	0.50
17	DB NOMINEES (S) PTE LTD	5,821,230	0.45
18	CAMBRIDGE INDUSTRIAL TRUST MANAGEMENT LIMITED	5,134,604	0.39
19	OCBC SECURITIES PRIVATE LTD	4,517,809	0.35
20	UOB KAY HIAN PTE LTD	4,289,907	0.33
		916,514,361	70.26

STATISTICS OF UNITHOLDERS

AS AT 14 MARCH 2016

Unitholdings of Substantial Unitholders as at 14 March 2016*

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units	%#	No. of Units	%#
Mr Tong Jingquan	64,779,700	4.97	147,291,519 ⁽¹⁾	11.29
Shanghai Summit Pte Ltd	–	–	146,061,719 ⁽²⁾	11.20
Wealthy Fountain Holdings Inc	134,172,719	10.29	–	–
Mr Chan Wai Kheong	70,310,929	5.39	56,108,754 ⁽³⁾	4.30

* Based on Substantial Unitholders' disclosures in respect of interests in securities

⁽¹⁾ Mr Tong Jingquan is deemed to be interested in 147,291,519 units by virtue of his interest in Shanghai Summit Pte Ltd.

⁽²⁾ Shanghai Summit Pte Ltd's deemed interest in 146,061,719 units arises by virtue of the interests it holds in Wealthy Fountain Holdings Inc, Skyline Horizon Consortium Ltd and Starray Global Limited. Skyline Horizon Consortium Ltd is holding 9,380,000 CIT units and Starray Global Limited is holding 2,509,000 CIT units directly.

⁽³⁾ Mr Chan Wai Kheong is deemed to be interested in an aggregate of 56,108,754 units comprising 72,032 units held by Oakgrove Pte Ltd, 55,965,991 held by Splendid Asia Macro Fund and 70,731 units held by Sym Asia.

Unitholdings of Directors as at 21 January 2016

Name of Directors	Direct Interest		Deemed Interest	
	No. of Units	%#	No. of Units	%#
Dr Chua Yong Hai	–	–	100,000 ⁽¹⁾	0.01%
Mr Ooi Eng Peng	–	–	–	–
Mr Tan Guong Ching	–	–	–	–
Mr Michael Patrick Dwyer	–	–	–	–
Mr Ian Andrew Smith	–	–	–	–
Mr David Ian MacGregor	–	–	–	–
Mr Akihiro Noguchi	–	–	–	–
Mr Philip Henry Lewis Levinson	43,493 ⁽²⁾	– ⁽³⁾	–	–

⁽¹⁾ Dr Chua is deemed to be interested in the 100,000 CIT units held by his wife as at 14 March 2016.

⁽²⁾ Mr Philip Henry Lewis Levinson is holding 44,024 CIT units as at 14 March 2016.

⁽³⁾ Less than 0.01%.

The percentage interest is based on units in issue as at 14 March 2016.

Free Float

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 14 March 2016, approximately 96.22 % of CIT's Units are held in the hands of the public and therefore, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of Cambridge Industrial Trust (“**CIT**”) will be held at NTUC Auditorium, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 on 28 April 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

AS ORDINARY BUSINESS

1. Ordinary Resolution

To receive and to adopt the report of the trustee of CIT issued by RBC Investor Services Trust Singapore Limited (“Trustee”), the statement by the Manager and the audited financial statements of CIT for the financial year ended 31 December 2015.

2. Ordinary Resolution

To re-appoint KPMG LLP as Auditors of CIT to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of Cambridge Industrial Trust Management Limited, as manager of CIT (the “**Manager**”), to fix their remuneration.

OTHER BUSINESS

To transact any other business which may properly be brought forward.

By Order Of The Board

Cambridge Industrial Trust Management Limited

As manager of Cambridge Industrial Trust

(Company Registration No. 200512804G, Capital Markets Services licence no.: 100132-2)

Dr Chua Yong Hai

Independent Chairman

Singapore

11 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A Unitholder who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of him; a proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing the proxy or proxies (a form is enclosed) must be deposited with B.A.C.S. Private Limited, the Unit Registrar, at its office at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed for holding the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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NOTICE OF ANNUAL GENERAL MEETING

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not investments or deposits in, liabilities or obligations of, Cambridge Industrial Trust Management Limited ("Manager"), RBC Investor Services Trust Singapore Limited (in its capacity as Trustee of CIT) ("Trustee"), or any of their respective related corporations and affiliates (including but not limited to National Australia Bank Limited, nablInvest Capital Partners Pty Limited, or other members of the National Australia Bank group) and their affiliates (individually and collectively "**Affiliates**").

An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither CIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of CIT, any particular rate of return from investing in CIT, or any taxation consequences of an investment in CIT. Any indication of CIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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CORPORATE DIRECTORY

THE MANAGER

Cambridge Industrial Trust Management Limited

Company Registration Number:
200512804G

Capital Markets Services Licence Number: 100132-2

Registered Office:
61 Robinson Road
#12-01 Robinson Centre
Singapore 068893
T: (65) 6222 3339
F: (65) 6827 9339
www.cambridgeindustrialtrust.com

BOARD OF DIRECTORS OF CITM

Dr Chua Yong Hai
Independent Chairman

Mr Tan Guong Ching
Independent Director

Mr Ooi Eng Peng
Independent Director

Mr Michael Patrick Dwyer
Non-Executive Director

Mr Ian Andrew Smith
Non-Executive Director

Mr Akihiro Noguchi
Non-Executive Director

Mr David Ian MacGregor
Non-Executive Director

Mr Philip Henry Lewis Levinson
CEO & Executive Director

ARCC

Mr Ooi Eng Peng
Chairman

Mr Tan Guong Ching
Member

Mr Michael Patrick Dwyer
Member

NRC

Mr Tan Guong Ching
Chairman

Dr Chua Yong Hai
Member

Mr David Ian MacGregor
Member

Mr Ooi Eng Peng
Member

IC

Dr Chua Yong Hai
Chairman

Mr Ian Andrew Smith
Member

Mr Ooi Eng Peng
Member

Mr Akihiro Noguchi
Member

BFC

Mr Ooi Eng Peng
Chairman

Mr Tan Guong Ching
Member

Mr Ian Andrew Smith
Member

Mr Michael Patrick Dwyer
Member

UNIT REGISTRAR & UNIT TRANSFER OFFICE

B.A.C.S. Private Limited

8 Robinson Road
#03-00 ASO Building
Singapore 048544
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F: (65) 6593 4847

THE PROPERTY MANAGER

Cambridge Industrial Property Management Pte Ltd

Company Registration Number:
200515344N

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BOARD OF DIRECTORS OF CIPM

Mr Victor Ong Wei Tak
Non-Executive Director

Mr Ian Andrew Smith
Non-Executive Director

Mr David Ian MacGregor
Non-Executive Director

TRUSTEE

RBC Investor Services Trust Singapore Limited

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Partner-in-charge:
Mr Lee Jee Cheng Philip
(since financial year ended
31 December 2013)

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Mr Robin Yoo Loo Ping, ACIS
Ms Angeline Chiang Wai Ming, ACIS

TMF Singapore H Pte Ltd

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STOCK SYMBOL – J91U

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This annual report has been printed on environmentally friendly paper.