



SMART MOVES

Stable, Sustainable and
Attractive Returns

Management Strength

Asset Quality

Relationship with Partners

Transparent Acquisitions

MOVES

CONTENTS

02	Cambridge Industrial Trust
06	Financial Highlights
08	Chairman's Message
10	Board of Directors
13	Manager's Report
19	Significant Events
22	Property Locations
23	New Acquisitions
26	The Property Portfolio
34	Singapore Industrial Property Market Overview
42	About The Manager
43	About The Property Manager
44	Structure of Cambridge Industrial Trust
45	Corporate Governance
53	Investor Relations
54	Corporate Directory
56	Financial Statements
89	Additional Information
90	Unitholder Statistics
92	Glossary

Legal Disclaimer

This Annual Report for the period ended 31 December 2006 has been prepared by Cambridge Industrial Trust Management Limited ("CITM") as the Manager of Cambridge Industrial Trust ("CIT"). Whilst every care has been taken in relation to its accuracy, no warranty is given or implied. The information provided is not investment advice and recipients should consider obtaining independent advice before making any decision that relies on this information. All values are expressed in Singapore currency unless otherwise stated.

Cambridge Industrial Trust

Singapore's First Independent Industrial REIT

Cambridge Industrial Trust ("CIT") is the first independent industrial Real Estate Investment Trust ("REIT") to be listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 25 July 2006. CIT was constituted on 31 March 2006 under the Trust Deed signed between Cambridge Industrial Trust Management Limited ("CITM") as the Manager of CIT ("the Manager") and RBC Dexia Trust Services Singapore Limited ("the Trustee") as the Trustee of CIT.

The initial portfolio of CIT comprising 27 properties serves tenants in diverse trade sectors in:

Logistics and Warehousing

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

Light Industrial

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

Industrial and Warehousing

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

Industrial

Primarily used by tenants for industrial activities including printing, precision engineering works, metal stamping, plastics injections and extrusion, and metal fabrication works.

Self Storage and Warehousing

Used by the tenant for operating a self storage business.

Car Showroom and Workshop

Used by the tenant as a car showroom and service workshop.

Many of these properties are well-located in close proximity to strategic infrastructure amenities, public transportation and major highways.

The portfolio's strengths include a stable and growing income stream with fixed rental escalation coupled with rents and lease obligations which are backed by long security deposits.



Cambridge Industrial Trust Management Limited

CITM is the **Manager** of CIT.

CITM is owned by Cambridge Real Estate Investment Management Pte Ltd ("CREIM"), the founding entity which holds the majority stake of 60 percent of the Manager, CWT Limited ("CWT"), a Singapore based SGX-ST listed regional logistics and distribution company (20 percent) and Mitsui & Co., Ltd ("Mitsui"), one of Japan's largest business conglomerates (20 percent).

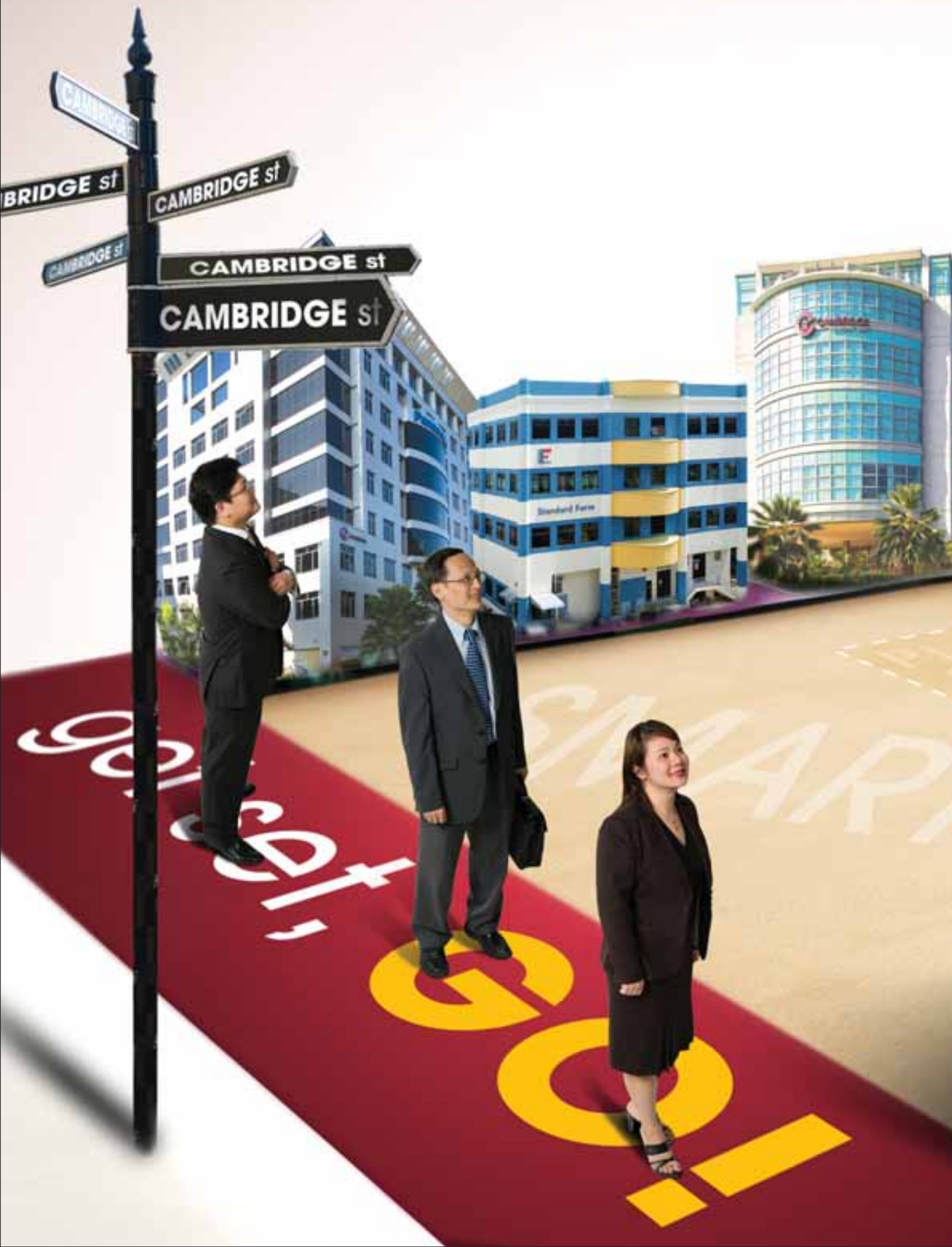
The management team has extensive experience in fund, asset and property management in Singapore and the region. A number of our directors are real estate specialists with strong credentials and investment experience.

Independence - An Inherent Strength

CITM is not majority controlled by any property company that develops or owns real estate for commercial sale or investment purposes. CITM believes this independence provides the following benefits.

- As an independent manager, CITM has better access to property owners as there are no potential conflict of interest issues. Property owners are likely to be more receptive when dealing with a Manager who is not a competing developer or having other business that share the same industry space.
- As there is no controlling parent entity dictating decision making, CITM is able to make speedier decisions and hence better respond to opportunities.
- Having interests wholly aligned with CIT's Unitholders.





our **MISSION**

Delivering stable, sustainable and attractive returns to Unitholders.



FINANCIAL highlights

\$'000	1 Oct - 31 Dec	25 Jul - 30 Sep ⁽¹⁾		
	4Q06	3Q06		
Gross revenue	10,800	8,013		
Net Property Income	9,469	6,852		
Net income available for distribution	7,297	5,146		
Distribution per unit ("DPU") (cents)	1.422	1.006		
	Actual ⁽¹⁾	IPO Forecast ⁽²⁾		
From 25 July to 31 December 2006 ⁽¹⁾	\$'000	\$'000	Variance %	
Gross revenue	18,813	18,813	0.0%	
Net Property Income	16,321	15,578	4.8%	
Net income available for distribution	12,443	11,280	10.3%	
DPU (cents)	2.428 ⁽³⁾	2.140 ⁽³⁾	13.5%	
Annualised DPU (cents)	5.539 ⁽⁴⁾	5.100 ⁽⁵⁾		
Annualised distribution yield (%)				
IPO price (\$0.68)	8.15%	7.50% ⁽⁵⁾		
Current price (\$0.80) ⁽⁶⁾	6.92%	6.38%		

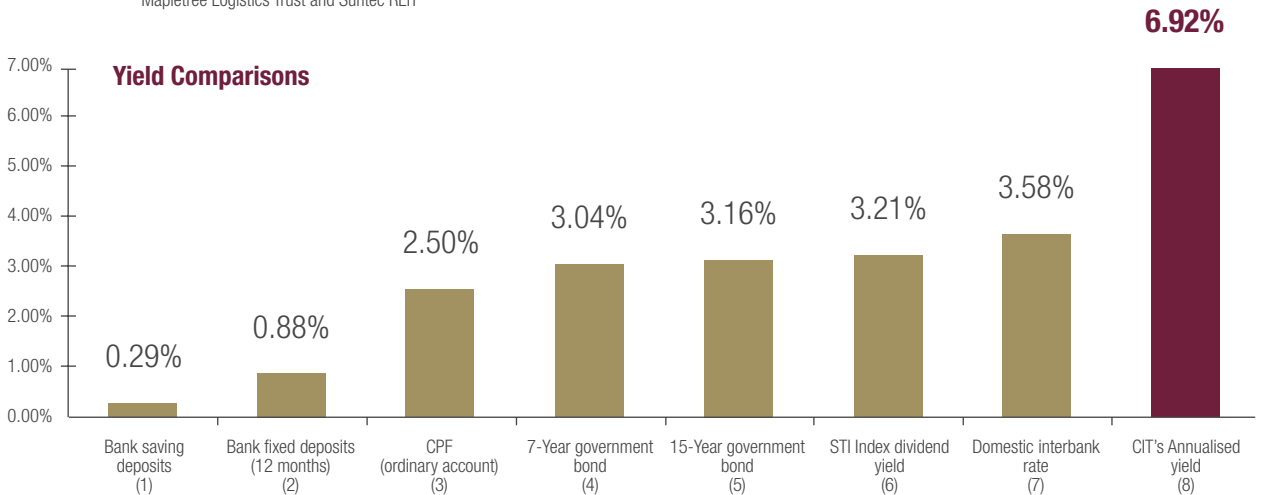
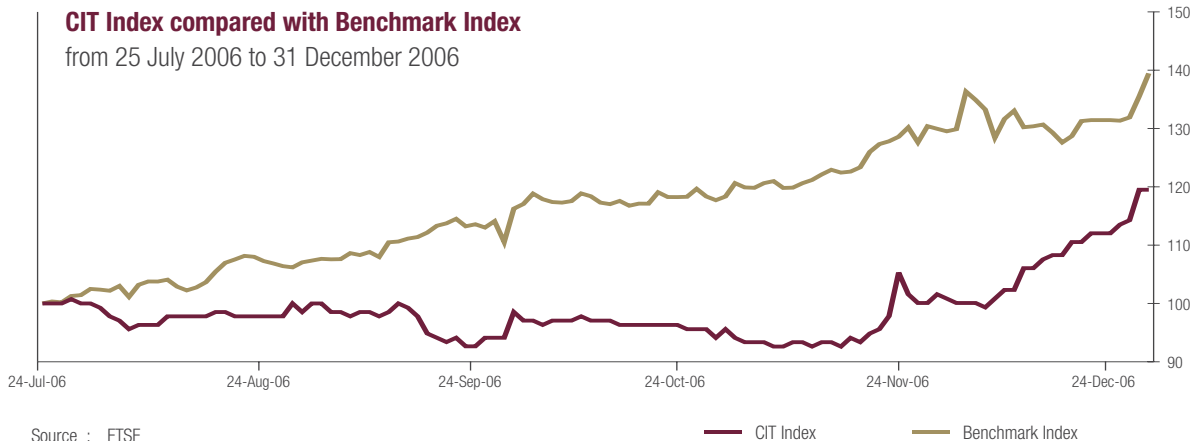
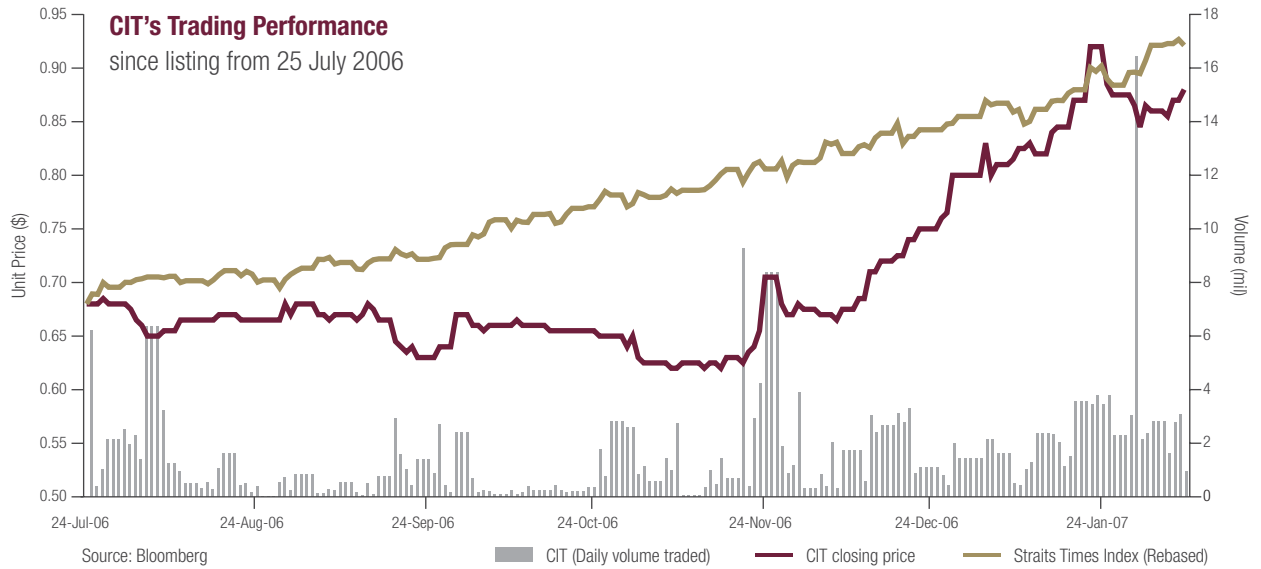
As at 31 December 2006	\$'000
Total assets	543,926
Total net borrowings	192,850
Net Assets Attributable to Unitholders	345,354
Total bridge loan facility	400,000
Total debt	192,900
Interest rate exposure	9,900
Gearing	35.5%
Weighted average interest rate	4.4% p.a.
Interest cover	4.1 times
Fixed rate term to expiry	0.56 year
Fixed as a % of total debt	94.9%
Number of properties in portfolio	27
Market capitalisation	409,722
Net asset value per Unit (cents)	67
Units In Issue ('000)	512,153

Trading Statistics from 25 July to 31 December 2006

Opening price (25 July 2006) (cents)	68
Closing price (29 December 2006) (cents)	80
High (28 December 2006) (cents)	80
Low (7 November 2006) (cents)	62
Volume weighted average price (cents)	67
Volume traded (million Units)	146.2
Average volume per day (million Units)	1.3

Notes:

- (1) Actual refers to the results for the period from 25 July 2006 to 31 December 2006. Although CIT was constituted on 31 March 2006, it was dormant between 31 March 2006 to 24 July 2006. The acquisition of the Properties was completed on 25 July 2006 and CIT was officially listed on the SGX-ST on the same day. Consequently, the actual income derived from the Properties was for the period from 25 July 2006 to 31 December 2006.
- (2) Forecast means extrapolated forecast figures derived from the Forecast Period 2006 (from 31 July 2006 to 31 December 2006) based on exercising the Over-allotment Units in full as disclosed in the Prospectus, for the period from the listing date of 25 July 2006 to 31 December 2006. Forecast annualised figures are as stated in the Prospectus.
- (3) The Actual DPU of 2.428 cents is based DPU of 1.006 cents already paid plus 4Q06 DPU of 1.422 cents calculated on 512,993,777 applicable Units (inclusive of 14,386,000 over-allotment Units) whereas the Forecast DPU of 2.140 cents is derived from extrapolating the forecast DPU for the period from 31 July to 31 December 2006 based on 526,666,000 Units (inclusive of 29 million over-allotment Units) as disclosed in the Prospectus.
- (4) Based on simple annualisation of the DPU of 2.428 cents for the period from 25 July to 31 December 2006.
- (5) As stated in Prospectus for Forecast Period 2006 based on full exercise of over-allotment Units.
- (6) Computed based on closing price of \$0.80 as at 29 December 2006.



Notes:

- (1) Bank savings deposits as at end of December 2006. Source: MAS website
- (2) Bank FD rate (12 months) as at end of December 2006. Source: MAS website
- (3) Interest paid on Central Provident Fund ordinary account from October to December 2006. Source: CPF website
- (4) Singapore Government Securities 7-year bond yield as at end of December 2006. Source: SGS website
- (5) Singapore Government Securities 15-year bond yield as at end of December 2006. Source: SGS website
- (6) Based on Bloomberg data as at 4 January 2007
- (7) Singapore overnight rate average as at end of December 2006. Source: MAS website
- (8) Based on CIT's closing price of \$0.80 per unit as at 29 December 2006 and annualised DPU of 5.539 cents

CHAIRMAN'S message

Dear Unitholders

On behalf of the Board, I am pleased to present Cambridge Industrial Trust's ("CIT") annual report for the financial period ended 31 December 2006.

It has been an important year for the company, culminating with the successful listing of our REIT on the Stock Exchange of Singapore. Following months of hard work and dedication, the management team was able to launch CIT, joining the other listed Trusts. I would like to take this opportunity to thank everyone involved in this effort.



**Dr Tan Seng Chin, Finian
Chairman**

Our Maiden Performance

I am happy to report that CIT outperformed in its debut year, recording a distributable income per unit of 2.428 cents for the financial period ended 31 December 2006. This was 13.5 percent higher than forecast. The net property income of \$9.5 million exceeded our Initial Public Offering forecast by 4.8 percent, while the total distributable income to Unitholders exceeded forecast by 10.3 percent.

Portfolio Management

Despite our brief corporate history – being listed on 25 July 2006 last year – we have made solid progress. Our management team has successfully acquired yield accretive assets that strengthened and broadened our portfolio. The underlying properties are indeed the hallmark of CIT's portfolio strategy. The rental income derived from these properties is generally protected by long security deposits.

As at 31 December 2006, CIT has a portfolio of 27 properties with 426,725.2 square metres of rentable area valued at \$531 million. The weighted average land lease of these properties is 41 years. About half of the initial portfolio of properties is in the logistics and warehousing sector, some 20 percent in the light industrial space and the remaining properties spread across a well-diversified spectrum of tenant uses such as car showrooms, self storage facilities as well as industrial and warehousing.

Our occupancy rate as at 31 December 2006 stood at 100 percent. The weighted average remaining lease term of CIT's portfolio as at 31 December 2006 remained attractive at 7.4 years.

Growth through Yield-Accretive Acquisitions

To date, CIT has signed Option Agreements valued at approximately \$109 million. The acquisition of 55 Ubi Avenue 3 valued at \$18.8 million was recently completed on 27 February 2007. The two other properties are the 97 strata units of Lam Soon Industrial Building totaling 35,537 square metres for \$72.2 million and an industrial building at 361 Ubi Road 3 for \$18 million which has a land area of 4,564 square metres and a gross floor area of 8,997 square metres. The completion of these two acquisitions are expected to take place in the first quarter of 2007 and April 2007 respectively. In addition, several Memorandum of Understanding agreements ("MOUs") have been signed for the acquisition of properties worth approximately \$91.2 million.

These acquisitions will be funded by drawing on debt facilities. CIT has fixed its interest rate exposure by entering into a 12-month interest swap on 94.9 percent of the outstanding gross borrowings at the time of listing on 25 July 2006. The bridging loan facility of \$400 million has been replaced by a variable funding note structure in February 2007.

The Road Ahead

We have many reasons to be optimistic this financial year. The Singapore and regional economies are abuzz, and on a sustained growth path. In the fourth quarter last year, the Singapore economy grew at 6.6 percent, its fastest pace on an annualized basis. The manufacturing sector grew 11.5 percent in 2006 and there was growth of 32.3 percent in the transport engineering clusters. Following a robust 6.6 percent growth in 2005, the economy further outperformed in 2006, expanding by 7.9 percent. The Ministry of Trade and Industry has projected a growth rate of 4.5 to 6.5 percent for 2007.

This will augur well for the industrial market. Going by trends and figures from the Urban Redevelopment Authority ("URA"), the All Industrial Index has staged an upturn from 80.4 in the third quarter of 2005 to 83 in the third quarter of 2006. The Industrial Price Index for the overall industrial space rose 1.1 percent and the rents increased by 0.3 percent between the second and third quarter in the year under review. We are cautiously optimistic, given the strong manufacturing sector, that this trend will continue.

Light industrial and hi-tech buildings have continued to see increased rentals and strong demand. According to figures from Colliers International's third quarter report, monthly gross rental for high-specs factories increased 7.6 percent in the year to third quarter 2006. Average monthly gross rentals also rose by 2 percent and 3.8 percent quarter-on-quarter for the first storey and upper-storey conventional industrial spaces respectively.

The Economic Development Board ("EDB") has announced that it aims to bring in up to \$9 billion in fixed asset investments this year, despite the intense competition from emerging countries such as China and India. As the Government attracts more of these investments from the manufacturing and bio-medical clusters, the demand for industrial space will continue to remain buoyant. CIT is poised to benefit from the robust economic outlook.



Furthermore, according to the latest figures from the Jurong Town Corporation ("JTC"), Singapore's largest industrial landlord, the net demand for prepared industrial land jumped 51 percent to an unprecedented 268.5 hectares of space last year, with the bulk of the demand coming from the logistics, chemicals and services sectors. Flatted factories, standard factories, stack-up factories and technopreneur space all remained in good demand, with more spaces taken up in 2006 compared with the previous year.

There is a general belief that the value of industrial properties will rise further in 2007 as demand continues to grow, outstripping supply. According to Colliers International, net new demand for industrial property last year exceeded 9 million square feet, the highest level since 2000. The general occupancy rate for industrial space breached 90 percent in 2006. Colliers International expects industrial rents and prices to rise by between 5 to 8 percent this calendar year.

Against this backdrop, we expect another year of sustainable growth, fueled by our acquisitions, and stable and full occupancy patterns. We are working closely with our partners CWT and Mitsui to explore further deals in Singapore and the region.

Acknowledgements

Successful businesses are established upon good partnerships and networking. To this end, I would like to take the opportunity to express my heartfelt appreciation to our fellow Board members and the management team for their commitment and outstanding contributions to CIT. I would also like to thank all our tenants, customers and business partners for their unflinching support.

I look forward to another rewarding year for our Unitholders, business partners and staff.

BOARD of directors

1. Dr Tan Seng Chin, Finian

Chairman and Non-executive Director
Chairman of Executive Committee
Chairman of Human Resource and Remuneration Committee

Dr Tan is the founder and Chairman of Vickers Financial Group Ltd. He also serves on several boards and committees including Director of Singapore Technologies Electronics Limited, Chairman of AFC Network Private Limited, board member of the Media Development Authority and governor of the Singapore Polytechnic. Dr Tan was Managing Director and head of all banking entities at Credit Suisse First Boston group of banks in Singapore, before he started the Vickers Financial Group Ltd. He received his Doctor of Philosophy and Master of Philosophy degrees in Engineering from Cambridge University.

2. Mr Ang Poh Seong

Executive Director
Member of Executive Committee

For the past 13 years till April 2005, Mr Ang had been with Colliers International (S) Pte Ltd, where he last held the position of Executive Director, Head of Industrial Department. During the last five years of his tenure there, Mr Ang was in charge of the growth and profitability of the Industrial Department, industrial investment sales especially to REITs, conducting development feasibility studies and design appraisal and managing major development projects. Before joining Colliers International, Mr Ang was a Senior Marketing Executive with Knight Frank Pte Ltd for two years. He holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

3. Mr Chan Wang Kin

Executive Director
Member of Executive Committee

Mr Chan was the Director (Corporate Finance) of Mapletree Investments Pte Ltd, where he oversaw the initial preparatory and review work of Mapletree Investments Pte Ltd's REIT initiative. Before that, Mr Chan was also the Director for Business Development for GE Capital Real Estate. He also worked previously in Keppel Land Limited, OCBC Property Services Pte Ltd, United Merchant Bank and Bank of America, gaining him extensive

experience in real estate and finance. Mr Chan holds a Master degree in Design Studies (Real Estate and Urban Development) from Harvard University and a Master of Business Administration (with Distinction) (specialization in Real Estate, Finance and Management) from Kellogg, Northwestern University.

4. Mr Tetsuya Karasawa

Executive Director
Member of Executive Committee

Mr Karasawa is seconded to the Manager from the Singapore branch of Mitsui. Mr Karasawa was a Vice President at UE Managed Solutions Pte Ltd from 2005 and has since been appointed a Director from December 2006. He has been working at accounting and property division of Mitsui since 1992, and brings 14 years of extensive experience to the Board. Mr Karasawa holds a Bachelor of Laws degree from Waseda University, Tokyo, Japan.

5. Dr Chi Chien-Chuen, Jeffrey

Non-executive Director
Member of Executive Committee
Member of Audit Committee

Dr Chi is currently the Executive Director of Vickers Financial Group Ltd, and also a partner of a private equity fund managed by Vickers Financial Group Ltd. Dr Chi was a corporate finance specialist and an Executive Director at Pegasus Capital Pte Ltd, and prior to Pegasus Capital, he was a senior consultant with Monitor Company Asia Pacific LLC, a strategy-consulting firm. Dr Chi holds a Doctor of Philosophy from the Massachusetts Institute of Technology.

6. Mr Liao Chung Lik

Non-executive Director
Member of Human Resource and Remuneration Committee

Mr Liao is currently the Deputy Group Managing Director of C & P Holdings Pte Ltd ("C & P Holdings"). In October 2004, C & P Group successfully acquired CWT, and Mr Liao was subsequently appointed as a Non-executive Director of CWT with effect from 26 November 2004. Mr Liao holds a Bachelor of Business Administration degree from the National University of Singapore.



7. Mr Takayuki Kawashima
Non-executive Director

Mr Kawashima has 19 years of business experience in a broad array of trading and financial positions within Mitsui. He is currently the general manager of the REIT department, Financial Market Business Unit in Mitsui, Tokyo head office, since 2004. Mr Kawashima was involved in Mitsui's logistics REIT business, Japan Logistics Fund, Inc, the first listed Japanese REIT that specialises in the logistics, warehousing and industrial properties. Mr Kawashima graduated from Keio University, majoring in Science and Engineering. He is also a holder of the Chartered Member of the Security Analysts Association of Japan.

8. Mr Ravindran s/o Ramasamy
Independent Director
Chairman of Audit Committee
Member of Human Resource and Remuneration Committee

Mr Ravindran is currently a legal consultant with Chris Chong and CT Ho Partnership, and is also an Independent Director of two Singapore-incorporated SGX-ST listed companies. Mr Ravindran was a Member of Parliament for the Marine Parade Group Representation Constituency and the Bukit Timah Group Representation Constituency previously. Other prior appointments include Chairman of the Government Parliamentary Committee for Defence and Foreign Affairs, Board Member of the People's Association, and membership in the Government Parliamentary Committee for Home Affairs and Law, the Marine Parade Town Council, the South East Community Development Council, the Singapore Institute of Directors and the Singapore Academy of Law. Mr Ravindran holds a Master of Laws degree from the National University of Singapore.

9. Dr Ong Seow Eng
Independent Director
Member of Audit Committee
Member of Human Resource and Remuneration Committee

Dr Ong is currently the Deputy Head (Research) at the Department of Real Estate, National University of Singapore. He is the current president of the International Real Estate Society and a past president of the Asian Real Estate Society. Other positions Dr Ong has held include Vice President, Investment Banking Division of the former Overseas Union Bank Limited, Senior Investment Officer/Investment Officer, Equities Department of the Government of Singapore Investment Corporation Private Limited, and Valuer/Assessor with the Valuation and Assessment Division of the Inland Revenue Department of Singapore. Dr Ong holds a Doctor of Philosophy in Finance and a Master of Business degree from Indiana University, he is also a Chartered Financial Analyst.

10. Mr Tan Ming Kirk, Richard
Independent Director
Member of Human Resource and Remuneration Committee

Mr Tan is currently a consultant with the law firm of Shook Lin & Bok and an adjunct associate professor at the School of Design and Environment of the National University of Singapore. Having been at Shook Lin & Bok since 1986, he was a partner at the firm from 1992 to 2001. He was also in the Allen & Overy Shook Lin & Bok Joint Law Venture from 2000 to 2001. Mr Tan has previously held directorship appointments in companies like Hydril Private Limited, Matsushita Technology (S) Pte. Ltd. (now known as Panasonic Factory Solutions Singapore Pte. Ltd.) and SLAB Services Private Limited. Mr Tan has a Bachelor of Laws degree and a Master of Laws degree from the National University of Singapore. He is also a member of the Chartered Institute of Arbitrators, a member of the Singapore Institute of Arbitrators, a notary public and a commissioner for oaths.



01	02	03	07	08
04	05	06	09	10

INDEPENDENT
and
ENTREPRENEURIAL
managers



MANAGER'S report



“ We have surpassed our own expectations in our maiden year. We are confident we can build on this and further grow our business and enhance returns to the benefit of our Unitholders. This year we hope to grow our quality and yield accretive assets through acquisitions as well as tap our strategic relationships with our partners. ”

Ang Poh Seong
Chief Executive Officer

Financial Highlights

- DPU of 2.428 cents exceeds forecasted DPU of 2.140 cents by 13.5 percent.
- Net property income of \$9.5 million exceeds forecast by 4.8 percent.
- Total distributable income to Unitholders exceeds forecast by 10.3 percent.
- Occupancy rate of 100 percent.
- Assigned a long term corporate credit rating of “BBB-” by Standard & Poor’s International, LLC, which enables increasing gearing beyond 35 percent up to a maximum of 60 percent.

Investment Highlights

- Signed Option Agreements worth approximately \$109 million.
- Signed MOUs worth approximately \$91.2 million.



FINANCIAL GAME PLAN
Defensive Portfolio Strategy

Stable, Sustainable and Attractive Distribution

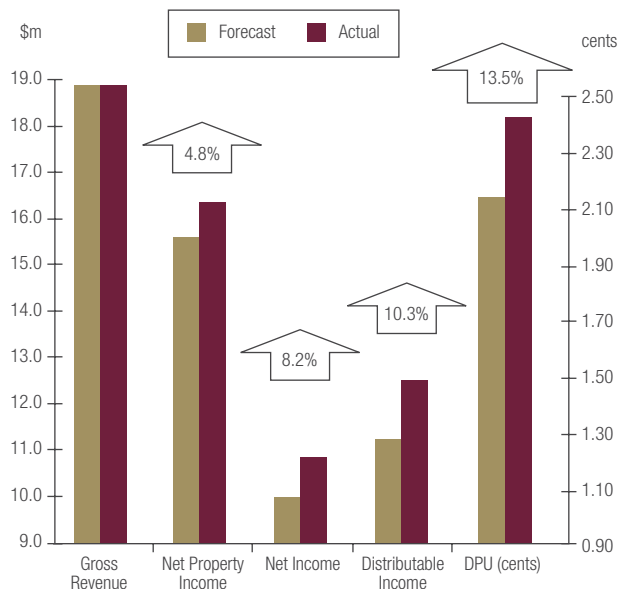
The maiden financial period 2006 (“FY2006”) commenced from 25 July 2006 to 31 December 2006. CIT posted a distributable income of \$12.4 million from its forecast of \$11.3 million, a strong 10.3 percent increase for the maiden period.

The DPU was 2.428 cents, a 13.5 percent increase over the forecasted DPU. On an annualized basis, the extrapolated DPU is 5.539 cents for a full financial year.

CIT was trading at a 6.92 percent annualized distribution yield based on the closing price of \$0.80 per unit as at 29 December 2006. Unitholders who had held CIT shares since its IPO on 25 July 2006 received an 8.15 percent return on distribution yield and enjoyed capital gains of 17.6 percent, culminating to a total return of 25.8 percent.

Compared to Singapore’s 15-year bond yield of 3.16 percent, CIT trades at a premium of 3.76 percent over the risk free rate.

Financial Results: Actual vs Forecast



Debt Financing

As at 31 December 2006, CIT has in place a secured bridge loan facility of \$400 million.

On 8 February 2007, the Trustee entered into a facility agreement, various supporting security and other related documentation to raise financing of up to \$400 million to refinance the existing bridge loan. The financing is in the form listed below.

1. A revolving term loan facility of up to an aggregate of \$390 million, from Orchid Funding (Singapore) Limited.
2. A bank overdraft facility of up to an aggregate of \$10 million from ABN AMRO Bank N.V., Singapore Branch.

The term loan facility and the bank overdraft facility have a tenor of two years, with an option to extend for a further period of two years. The term loan facility is funded from proceeds received from the issuance of variable funding notes by Orchid Funding (Singapore) Limited.

Similar to the bridge loan facility, interest payable on the term loan facility is calculated based on Singapore dollar swap offer rate plus a margin. Interest payable on the bank overdraft facility is calculated based on the prevailing prime lending rate of ABN AMRO Bank N.V., Singapore Branch. CIT's weighted average all-in effective interest rate as at 31 December 2006 is approximately 4.4 percent per annum and its interest cover ratio for the financial period ended 31 December 2006 is 4.1 times.

Hedging

CIT has fixed its interest rate exposure by entering into a 12-month interest rate swap on 94.9 percent of its outstanding gross borrowings of \$192.9 million. As of 31 December 2006, the interest rate swap of \$183 million has a remaining term of 0.56 year.

Gearing

On 3 July 2006, Standard & Poor's International, LLC, assigned to CIT a long term corporate credit rating of "BBB-". With this rating, the aggregate leverage of CIT may exceed 35 percent (up to a maximum of 60 percent). As at 31 December 2006, the gearing of CIT was approximately 35.5 percent of its total asset value.

Equity

During the financial period, CIT unit price traded between \$0.62 to \$0.80. The total volume traded was 146.2 million Units averaging 1.3 million Units per trading day. As at 31 December 2006, the number of Units in issue was 512.2 million Units and market capitalization amounted to \$409.7 million.

THE LANDSCAPE

Quality Assets

CIT has interests in 27 investment grade industrial properties located in key industrial zones spreading across Singapore.

Portfolio Characteristics

Stable, Sustainable and Attractive Returns

- Contracted and predictable cashflows.
- Fixed rental escalations provide stable portfolio and visibility to cashflows.
- Stable growth in industrial rents and capital through revaluation of properties and earnings.
- Low capital maintenance and utility expenses which keep operating costs at manageable levels over the duration of the leases.

Generic Investment Grade Assets in Strategic Locations

- Generic assets with high building specifications that are strategically located in key industrial zones.
- Proximity to transport infrastructure and housing estates.
- Potential enhanced valuations for industrial properties located in the Ubi Road vicinity after completion of Circle Line and new Kallang and Paya Lebar Expressway.

Diversified Property Types and Tenant Base

- 27 properties, 24 tenants.
- Diversified trade sectors as a built-in hedge against any one sector.
- Diversified tenant composition.

Long Leases and High Security Deposits

- Long lease terms of five to ten years on average lock in value for our Unitholders.
- Built-in rental escalations to ride out economic cycles.
- Long security deposits relative to market.
- 100 percent occupancy.

Growth Potential

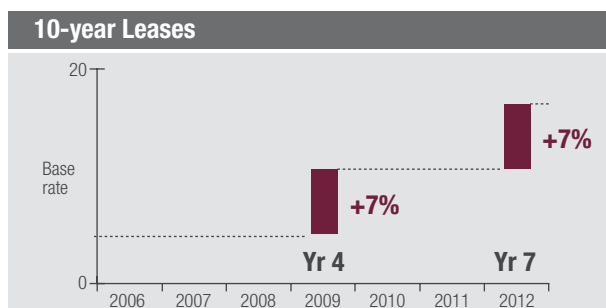
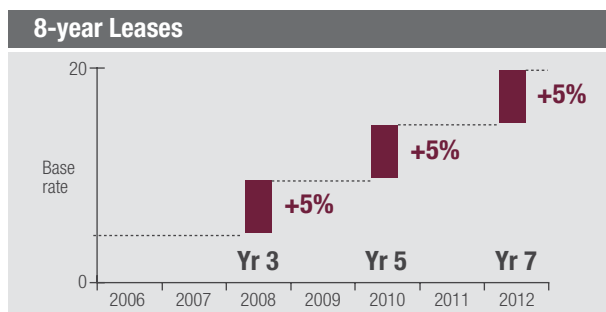
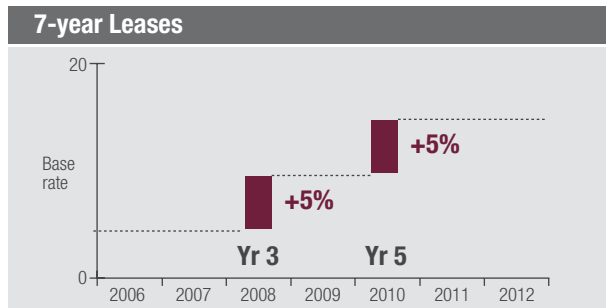
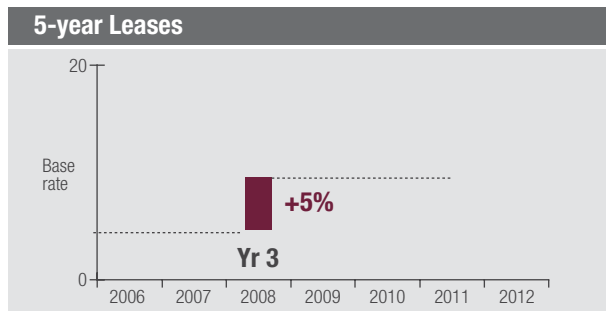
Significant Acquisition pipeline through strategic partnerships with:

- Shareholders, CWT and Mitsui;
- Existing tenants and vendors; and
- New relationships.

Built-in Rental Escalations

The contracted leases vary from five to ten years with predictable rental escalations which provide a low volatility in cashflow.

Rental Escalation	Effective Date	Duration of Leases			
		5 years	7 years	8 years	10 years
Year 3	25 Jul 2008	5%	5%	5%	-
Year 4	25 Jul 2009	-	-	-	7%
Year 5	25 Jul 2010	-	5%	5%	-
Year 6	25 Jul 2011	-	-	-	-
Year 7	25 Jul 2012	-	-	5%	7%

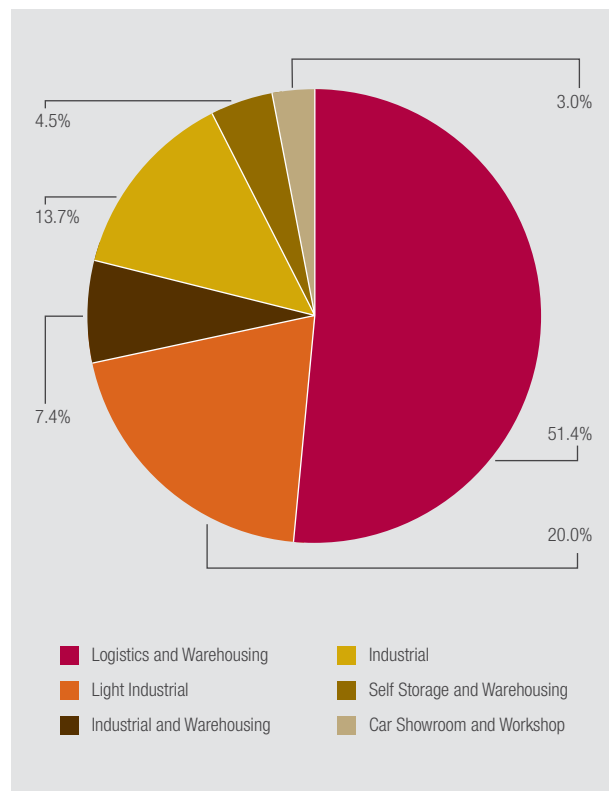


Diversified Trade Sectors

The tenants are represented in the following trade sectors.

- Logistics and Warehousing**
 Used by tenants for warehousing, distribution and logistics services including third party logistics and supply chain management.
- Light Industrial**
 Primarily used by tenants for light industrial activities including assembly and storage of electronics and computer peripherals, medical equipment as well as information technology and system integration.
- Industrial and Warehousing**
 Used by tenants for production and/or storage of cables, aluminium products, printed circuit boards and metals.
- Industrial**
 Primarily used by tenants for industrial activities including printing, precision engineering works, metal stamping, plastic injection and extrusion, and metal fabrication works.
- Self Storage and Warehousing**
 Used by the tenant for operating a self storage business.
- Car Showroom and Workshop**
 Used by the tenant as a car showroom and service workshop.

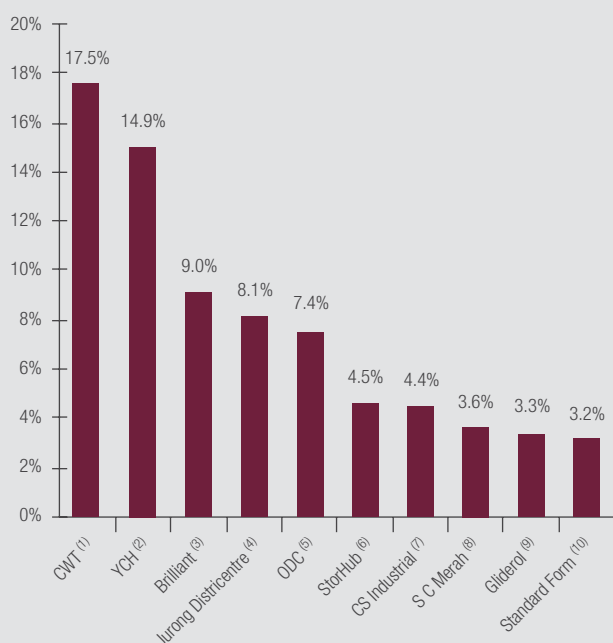
FY2006 Revenue Contribution by Tenant Trade Sector



Tenant Base

44.7 percent of the total rental income for FY2006 was contributed by tenants which are either SGX-ST listed companies or are subsidiaries of SGX-ST listed companies, most of whose lease obligations are guaranteed by their respective SGX-ST listed parent companies. CIT has a low concentration of tenant risk due to a healthy spread of revenue contribution by various tenants.

Top 10 Tenants



Notes:

- | | |
|---|----------------------------------|
| (1) CWT Limited | (6) StorHub Self Storage Pte Ltd |
| (2) YCH DistriPark (Pte) Ltd | (7) CS Industrial Land Pte Ltd |
| (3) Brilliant Manufacturing Limited | (8) S C Merah Pte Ltd |
| (4) Jurong Districentre Pte Ltd,
a 70%-owned subsidiary of CWT | (9) Gliderol Doors (S) Pte Ltd |
| (5) ODC Logistics (S) Pte Ltd | (10) Standard Form Pte Ltd |

Full Occupancy

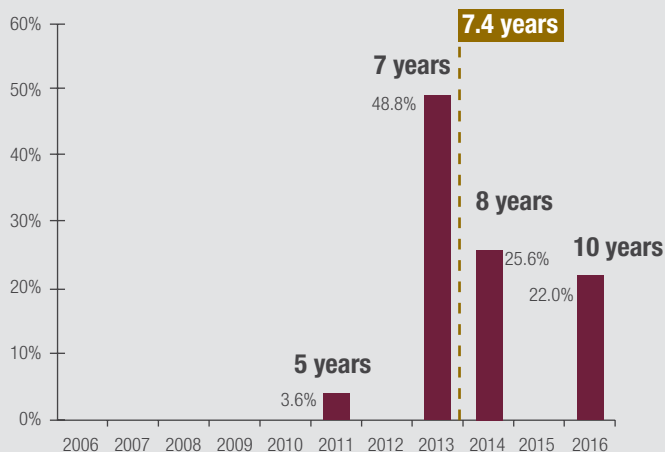
All the properties are fully leased. The Manager expects to maintain the high occupancy rate based on the following factors.

- An anticipated strong and healthy demand for industrial and logistics properties in Singapore.
- Long weighted average lease term.
- High Building Specifications of properties well situated in strategic locations.

Long Lease Terms

The weighted average remaining lease term (by FY2006 rental income) for the properties is approximately 7.4 years from 31 December 2006.

Expiring Leases as a % of Aggregate Gross Revenue



Long Security Deposits in Relation to Market

The Manager's estimate is that the market commands one month in security deposit for every year of lease. While CIT's weighted average full lease term is 7.9 years as at 25 July 2006, the rent and lessee obligations in the CIT portfolio are backed by longer security deposits averaging 14 months. CIT's long security deposits create stability in the portfolio by mitigating risks in rental collections and allows the Manager a longer period to find replacement tenants if the need arises, thus minimizing the risks of rental disruption to CIT.

Manager's Objectives for the Properties

- To maintain good landlord-tenant relationship. The Manager conducts regular visits to the tenants to actively stay in touch with them and attend to their enquiries promptly.
- To ensure that the rentals are serviceable by the tenants.
- To maintain all properties well and upkeep the properties in good tenable condition. The Manager conducts regular inspections and works with the tenants on maintenance and repair issues.
- To actively explore potential asset enhancement initiatives in conjunction with tenants.

BUSINESS STRATEGY

Acquisition Drivers

CIT's acquisition strategy is underpinned by the following driving forces.

- Companies are increasingly looking to lighten balance sheets to free up capital for business expansion, which may increase the availability of assets for acquisition.
- Increase acquisition opportunities in the region with a more favourable regulatory environment.
- Establish strong relationships with our existing tenants. The Manager seeks to capitalize on these relationships as the tenants expand overseas.
- Mitsui, a shareholder of the Manager, will seek acquisition opportunities from Mitsui's existing business network, both in Singapore and the region.

Investment Highlights

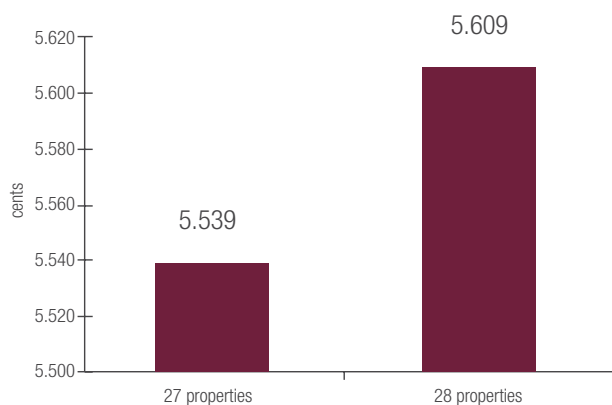
Since the listing on 25 July 2006, three potential acquisitions worth a total of \$109 million were announced.

- 361 Ubi Road 3 at \$18 million
- 63 Hillview Avenue at \$72.2 million
- 55 Ubi Avenue 3 at \$18.8 million

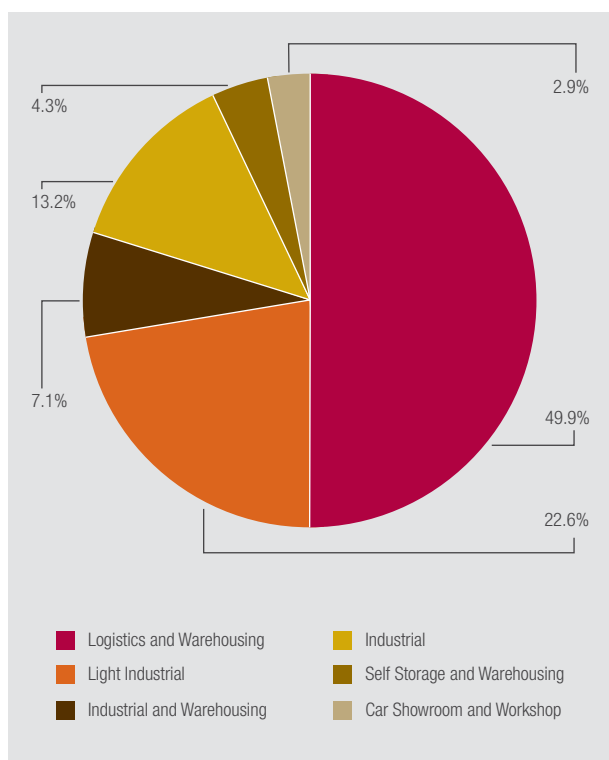
Legal Completion of 55 Ubi Avenue 3

The legal completion of 55 Ubi Avenue 3 took place on 27 February 2007. The incremental DPU for this acquisition is estimated at 0.07 cents.

Annualised DPU



After the inclusion of 55 Ubi Avenue 3, the Light Industrial trade sector would increase from 20.0 percent to 22.6 percent in CIT's portfolio.



Legal Completion for 63 Hillview Avenue and 361 Ubi Road 3

The legal completion for the other two properties, 63 Hillview Avenue and 361 Ubi Road 3 are expected to be around end March 2007 and April 2007 respectively.

In addition to these two properties, MOUs have been signed to acquire additional properties worth an estimated \$91.2 million. The latter properties will be subjected to a stringent due diligence process before completion takes place. The Manager is also in various stages of discussions with other prospective sellers.

Outlook

The Singapore's economy far exceeded expectations in 2006. The year ended with a stellar performance of 7.9 percent in Gross Domestic Product ("GDP") expansion, up from the initial official forecast of 3 percent to 5 percent announced in fourth quarter 2005. The impressive economic expansion was led by the manufacturing sector with a strong gain of 11.5 percent on a year-on-year basis.

For 2007, the Ministry of Trade and Industry forecasted that the Singapore economy would expand by between 4.5 percent to 6.5 percent.

According to the report "Singapore Industrial Property Market Overview" by Colliers International (refer to pages 34 to 39), demand for factory and warehouse space is expected to remain healthy going forward. Overall rents are likely to rise by 8 percent in 2007 and 2008 while capital values are forecast to go up by 5 percent in 2007 and 2008.

On the investment front, the Manager continues to seek out opportunities to acquire DPU accretive investment grade properties. With more local and foreign REITs potentially coming on stream, the competition for good investment grade industrial assets is expected to intensify. Acquisition values are expected to rise and entry yields are expected to compress. This may cause the average portfolio acquisition values to rise and consequently affecting the Manager's objective of making yield accretive acquisitions. In spite of the increasing risk of competition of similar class assets, the Manager strives to meet the target of acquiring \$500 million worth of industrial properties annually.

Overall, the outlook for 2007 remains positive. The Manager expects to deliver the projected yield and is on target to grow CIT's portfolio with further acquisition of good investment grade industrial properties in well located areas.

significant EVENTS

Jul '06

14th

Launch of IPO.

19th

IPO closes 11.9 times over-subscribed.

25th

CIT commenced trading on the SGX-ST.



Aug '06

24th

Partial exercise of Over-allotment option.

Oct '06

26th

Maiden financial results for 25 July 2006 to 30 September 2006 released. DPU distributed was 1.006 cents, exceeding forecast by 11.4 percent.

Nov '06

29th

Payment of distribution for third quarter 2006.

Dec '06

18th

Announced the signing of option agreement for the acquisition of 361 Ubi Road 3 for \$18 million.



26th

Announced the signing of option agreement for the acquisition of 97 whole strata units at 63 Hillview Avenue for \$72.2 million.



Jan '07

9th

Announced the signing of option agreement for the acquisition of 55 Ubi Avenue 3 for \$18.8 million.



25th

Announced maiden FY2006 financial results.

Feb '07

12th

Announced the signing of revolving term loan and overdraft facilities of up to an aggregate of \$400 million to refinance the existing bridge loan.

27th

Completion of acquisition of 55 Ubi Avenue 3.

28th

Payment of distribution for fourth quarter 2006.

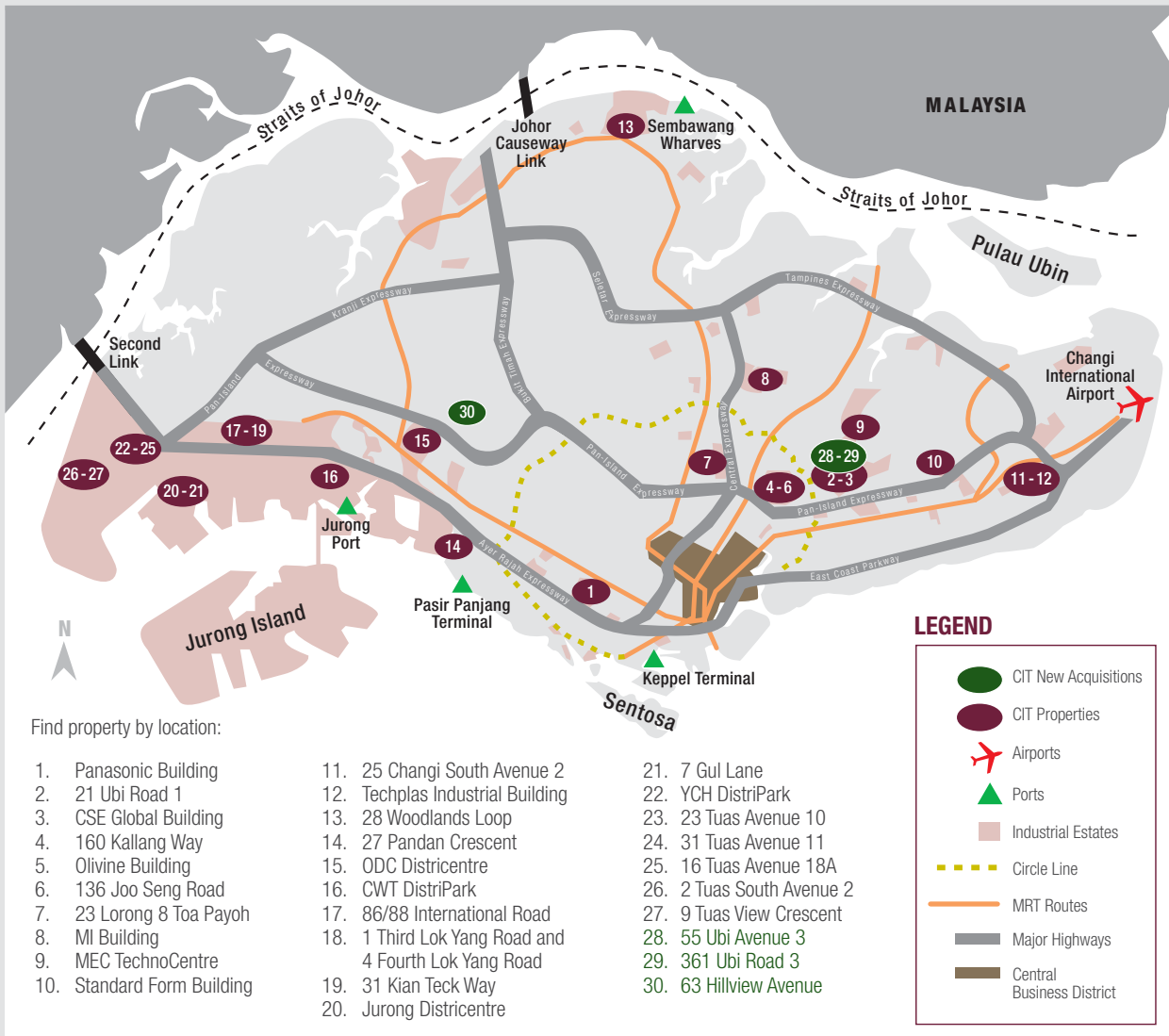


the **LANDSCAPE**

Quality Assets



property LOCATIONS



Find property by trade sector:

Logistics and Warehousing Properties

- CWT DistriPark
- Jurong Districentre
- ODC Districentre
- 31 Tuas Avenue 11
- 25 Changi South Avenue 2
- YCH DistriPark
- 1 Third Lok Yang Road and 4 Fourth Lok Yang Road

Light Industrial Properties

- 21 Ubi Road 1
- 136 Joo Seng Road
- CSE Global Building
- MI Building
- Olivine Building
- Panasonic Building
- MEC TechnoCentre
- 55 Ubi Avenue 3
- 361 Ubi Road 3
- 63 Hillview Avenue

Industrial and Warehousing Properties

- 86/88 International Road
- 23 Tuas Avenue 10
- 9 Tuas View Crescent
- 27 Pandan Crescent

Industrial Properties

- 7 Gul Lane
- 31 Kian Teck Way
- Techplas Industrial Building
- 2 Tuas South Avenue 2
- 28 Woodlands Loop
- Standard Form Building
- 16 Tuas Avenue 18A

Self Storage and Warehousing Property

- 160 Kallang Way

Car Showroom and Workshop Property

- 23 Lorong 8 Toa Payoh

new ACQUISITIONS

55 Ubi Avenue 3

Light Industrial

**Property Description**

A 5-storey light industrial building located at the north-western junction of Ubi Avenue 3 and Ubi Road 3, off Eunos Link and approximately 10 kilometres from The Fullerton Hotel.

The building has ancillary showroom area on first storey and a dormitory on a section of the fifth storey premises. The building is well-equipped with modern fire-protection, security and central/split air-conditioning systems. Vertical access is via two passenger lifts and two cargo lifts and supplemented by reinforced concrete staircases.

Competitive Strengths of the Property

- i. Located within the business and industrial hub of Ubi.
- ii. Easily accessible via the Pan Island Expressway and the upcoming Kallang Paya Lebar Expressway.
- iii. Readily available labour supply and amenities from nearby housing estates.

Tenancy Information

Upon completion of the Sale and Purchase, Mintwell Industry Pte Ltd ("Mintwell") will lease the property for five years, with rental escalation of 5 percent in year three. The first year rental is \$1,350,000. Mintwell will bear the cost of land rent, property tax and property maintenance.

Key Statistics

Land Area	6,556.5 square metres
Gross Floor Area	13,111.9 square metres
Rentable Area	13,111.9 square metres
Title (Tenure) ⁽¹⁾	30+30 years (w.e.f. 1 July 1996)
Date of Building Completion	Circa 1998
Appraised Value ⁽²⁾	\$18,800,000
Rental Per Annum	\$1,350,000

Site Address

55 Ubi Avenue 3

Date of MOU Signed

10 September 2006

Date of Put & Call Option Signed

8 January 2007

Purchase Price

\$18,800,000

Date of Closing

27 February 2007

Occupancy Rate

100 percent

Property Usage

Light Industrial

361 Ubi Road 3

Light Industrial



Property Description

The property is located along Ubi Road 3, approximately 15 kilometres from the city centre at Collyer Quay.

The property is a 5-storey industrial building with basement carpark level with a roof top swimming pool. The building is constructed of reinforced concrete frames with plastered infill brickwalls, reinforced concrete floors, reinforced concrete staircases and reinforced concrete flat roof. Fenestration comprises aluminium framed glass windows. Vertical transportation is facilitated by two cargo lifts and one passenger lift.

The property was granted a change of use from a single-user light industrial factory to a training area (industrial professional, vocational and skill training) with ancillary canteen, workers' dormitory and gym room.

Competitive Strengths of the Property

- Located within the business and industrial hub of Ubi.
- Easily accessible via the Pan Island Expressway and the upcoming Kallang Paya Lebar Expressway.
- Readily available labour supply and amenities from nearby housing estates.

Tenancy Information

Upon completion of the Sale and Purchase, Chartered World Academy Pte Ltd ("CWA") will lease the property for ten years, with rental escalation of 7 percent in year four and year seven. The first year rental is \$1,570,000. CWA is a related company of Armorcoat International Pte Ltd ("the seller") through common directorships. CIT will bear the cost of land rent and property tax while CWA maintains the property.

Key Statistics

Land Area	4,564.0 square metres
Gross Floor Area	8,997.0 square metres
Rentable Area	8,997.0 square metres
Title (Tenure) ⁽¹⁾	30+30 years (w.e.f. 1 February 1997)
Date of Building Completion	Circa 2002
Appraised Value ⁽²⁾	\$18,000,000
Rental Per Annum	\$1,570,000

Site Address

361 Ubi Road 3

Date of MOU Signed

26 September 2006

Date of Put & Call Option Signed

15 December 2006

Expected Purchase Price

\$18,000,000

Expected Date of Closing

April 2007

Occupancy Rate

100 percent

Property Usage

Light Industrial

63 Hillview Avenue

Light Industrial



Property Description

The property comprises 97 strata units within 10-storey Lam Soon Industrial Building, representing approximately 69.4 percent of the total share values. Carpark lots are on the first and sixth storey levels.

The property is easily accessible via the Pan Island Expressway and Bukit Timah Expressway.

Competitive Strengths of the Property

- i. The property has freehold land tenure.
- ii. Easily accessible via the Pan Island Expressway and Bukit Timah Expressway.
- iii. Readily available labour supply and amenities from nearby housing estates.

Tenancy Information

Upon completion of the Sale and Purchase, Lam Soon Realty Private Limited will leaseback the property for seven years, with rental escalation of 5 percent in year three and year five. Lam Soon will bear the cost of property tax and maintenance of the property.

Key Statistics

Land Area	21,453.0 square metres (whole development)
Strata Area	35,537.0 square metres (inclusive of void area)
Title (Tenure)	Freehold
Date of Building Completion	Circa 1987
Appraised Value ⁽²⁾	\$72,200,000
Rental Per Annum	\$5,000,000

Site Address

63 Hillview Avenue

Date of MOU Signed

26 October 2006

Date of Put & Call Option Signed

26 December 2006

Expected Purchase Price

\$72,200,000

Expected Date of Closing

First Quarter 2007

Occupancy Rate

100 percent

Property Usage

Light Industrial

THE PROPERTY portfolio

Logistics and Warehousing Properties



CWT DistriPark

Property Description

CWT DistriPark is a part 4/part 5-storey warehouse/office with basement car park located within close proximity to Jurong Port. It is readily accessible via Ayer Rajah Expressway and West Coast Highway.

Site Address	Purchase Price
24 Jurong Port Road	\$96,000,000
Rentable Area	Acquisition Date
75,903.8 square metres	25 July 2006
Tenant Name	Rental Per Annum
CWT Limited	\$7,557,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+12 years (w.e.f. 1 March 1995)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$96,450,000 as at 31 December 2006	30 years
	Property Usage
	Logistics and Warehousing

Jurong Districentre

Property Description

Jurong Districentre comprises a part 2/part 3-storey distribution centre and warehouse with ancillary offices and a container yard. It is located within the Jurong Industrial Estate and readily accessible via the Ayer Rajah Expressway.

Site Address	Purchase Price
3 Pioneer Sector 3	\$49,000,000
Rentable Area	Acquisition Date
38,352.1 square metres	25 July 2006
Tenant Name	Rental Per Annum
Jurong Districentre Pte Ltd	\$3,508,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 16 December 1990)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$49,600,000 as at 31 December 2006	44 years
	Property Usage
	Logistics and Warehousing



ODC Districentre

Property Description

ODC Districentre is a part 6/part 8-storey warehouse building with ancillary offices located within close proximity of the International Business Park and Jurong East MRT station. It is readily accessible via the Ayer Rajah Expressway and the Pan Island Expressway.

Site Address	Purchase Price
30 Toh Guan Road	\$35,000,000
Rentable Area	Acquisition Date
29,460.2 square metres	25 July 2006
Tenant Name	Rental Per Annum
ODC Logistics (S) Pte Ltd	\$3,218,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 16 August 1995)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$36,150,000 as at 31 December 2006	49 years
	Property Usage
	Logistics and Warehousing



31 Tuas Avenue 11

Property Description

31 Tuas Avenue 11 is a single storey warehouse with 5-storey office development that is located within the Jurong Industrial Estate.

Site Address	Title (Tenure)⁽¹⁾	Rental Per Annum
31 Tuas Avenue 11	30+30 years (w.e.f. 1 April 1994)	\$840,000
Rentable Area	Appraised Value⁽²⁾	Occupancy Rate
7,021.5 square metres	\$9,100,000 as at 31 December 2006	100 percent
Tenant Name	Purchase Price	Remaining Term of Tenure
SLS Bearings (Singapore) Pte Ltd	\$8,700,000	47 years
	Acquisition Date	Property Usage
	25 July 2006	Logistics and Warehousing



25 Changi South Avenue 2

Property Description

25 Changi South Avenue 2 is a 3-storey warehouse building with an ancillary showroom and mezzanine office located within the Changi South Logistics Park. It is within close proximity to Changi International Airport, Changi Business Park and the Singapore Expo and is easily accessible via the Pan Island Expressway and the East Coast Parkway.

Site Address	Title (Tenure)⁽¹⁾	Rental Per Annum
25 Changi South Avenue 2	30+30 years (w.e.f. 16 October 1994)	\$690,000
Rentable Area	Appraised Value⁽²⁾	Occupancy Rate
6,781.7 square metres	\$7,390,000 as at 31 December 2006	100 percent
Tenant Name	Purchase Price	Remaining Term of Tenure
Wan Tai And Company (Private) Limited	\$7,300,000	48 years
	Acquisition Date	Property Usage
	25 July 2006	Logistics and Warehousing

YCH DistriPark

Property Description

YCH DistriPark comprises eight buildings (one administrative and seven warehouse buildings). It is well connected to Ayer Rajah Expressway and the Pan Island Expressway. It is also within close proximity to Johor Bahru via the Second Link.

Site Address	Title (Tenure)⁽¹⁾	Rental Per Annum
30 Tuas Road	30+30 years (w.e.f. 1 July 1979)	\$5,448,000
Rentable Area	Appraised Value⁽²⁾	Occupancy Rate
53,065.2 square metres	\$73,900,000 as at 31 December 2006	100 percent
Tenant Name	Purchase Price	Remaining Term of Tenure
YCH DistriPark (Pte) Ltd	\$73,000,000	32 years
	Acquisition Date	Property Usage
	25 July 2006	Logistics and Warehousing



1 Third Lok Yang Road and 4 Fourth Lok Yang Road

Property Description

1 Third Lok Yang Road and 4 Fourth Lok Yang Road is a part single/part 2-storey warehouse and a 4-storey ancillary office block. It is readily accessible via the Ayer Rajah Expressway and the Pan Island Expressway.

Site Address	Title (Tenure)⁽¹⁾	Rental Per Annum
1 Third Lok Yang Road and 4 Fourth Lok Yang Road	30 years (w.e.f. 16 December 2001)	\$988,000
Rentable Area	Appraised Value⁽²⁾	Occupancy Rate
10,601.3 square metres	\$12,450,000 as at 31 December 2006	100 percent
Tenant Name	Purchase Price	Remaining Term of Tenure
YCH DistriPark (Pte) Ltd	\$12,414,000	25 years
	Acquisition Date	Property Usage
	25 July 2006	Logistics and Warehousing

Light Industrial Properties



21 Ubi Road 1

Property Description

21 Ubi Road 1 comprises a 6-storey building with semi-basement car park and a 3-storey workers' dormitory within walking distance from the future MacPherson Circle Line MRT station. It is easily accessible via the Pan Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address	Purchase Price
21/23 Ubi Road 1	\$25,000,000
Rentable Area	Acquisition Date
18,838.0 square metres	25 July 2006
Tenant Name	Rental Per Annum
Brilliant Manufacturing Limited	\$2,150,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 1 February 1997)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$25,100,000 as at 31 December 2006	50 years
	Property Usage
	Light Industrial

136 Joo Seng Road

Property Description

136 Joo Seng Road is a 6-storey light industrial building that is within walking distance from the future Upper Paya Lebar Circle Line MRT station. It can be easily accessed via the Pan Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address	Purchase Price
136 Joo Seng Road	\$10,310,000
Rentable Area	Acquisition Date
9,413.0 square metres	25 July 2006
Tenant Name	Rental Per Annum
Brilliant Manufacturing Limited	\$987,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 1 October 1990)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$11,200,000 as at 31 December 2006	44 years
	Property Usage
	Light Industrial



CSE Global Building

Property Description

CSE Global Building is a 5-storey light industrial building that is readily accessible via the Pan Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address	Purchase Price
2 Ubi View	\$7,500,000
Rentable Area	Acquisition Date
4,055.6 square metres	25 July 2006
Tenant Name	Rental Per Annum
CSE Global Limited	\$536,000
Title (Tenure)⁽¹⁾	Occupancy Rate
60 years (w.e.f. 4 January 1999)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$7,650,000 as at 31 December 2006	52 years
	Property Usage
	Light Industrial



MI Building

Property Description

MI Building is a part 6/part 7-storey building with a basement. It is centrally located within the Serangoon North Industrial Estate. It is readily accessible by the Central Expressway.

Site Address 11 Serangoon North Avenue 5	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 16 April 1997)	Rental Per Annum \$1,311,000
Rentable Area 13,621.4 square metres	Appraised Value⁽²⁾ \$14,785,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name MI Technologies Pte Ltd	Purchase Price \$14,000,000	Remaining Term of Tenure 50 years
	Acquisition Date 25 July 2006	Property Usage Light Industrial



Olivine Building

Property Description

Olivine Building is a 7-storey building with a basement car park and it is located within 8 kilometres away from the City Centre. It is readily accessible by the Pan Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address 130 Joo Seng Road	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 1 December 1991)	Rental Per Annum \$1,206,000
Rentable Area 10,992.3 square metres	Appraised Value⁽²⁾ \$12,250,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Olivine Magnetics Pte Ltd	Purchase Price \$12,000,000	Remaining Term of Tenure 45 years
	Acquisition Date 25 July 2006	Property Usage Light Industrial

Panasonic Building

Property Description

Panasonic Building is a 9-storey building with basement car park located in the central region and easily accessible via the Ayer Rajah Expressway and the Central Expressway. It is approximately 5 kilometres away from the City Centre.

Site Address 2 Jalan Kilang Barat	Title (Tenure)⁽¹⁾ 99 years (w.e.f. 1 July 1963)	Rental Per Annum \$1,535,000
Rentable Area 7,678.6 square metres	Appraised Value⁽²⁾ \$21,200,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name S C Merah Pte Ltd	Purchase Price \$20,000,000	Remaining Term of Tenure 55 years
	Acquisition Date 25 July 2006	Property Usage Light Industrial



MEC TechnoCentre

Property Description

MEC TechnoCentre is a 6-storey building with a basement car park is located within the Defu Industrial Estate and is 11.5 kilometres away from the City Centre. It can easily accessed via the Pan-Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address 87 Defu Lane 10	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 1 November 1990)	Rental Per Annum \$919,000
Rentable Area 9,365.2 square metres	Appraised Value⁽²⁾ \$13,100,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name The Excalibur Corporation Pte Ltd	Purchase Price \$13,064,000	Remaining Term of Tenure 44 years
	Acquisition Date 25 July 2006	Property Usage Light Industrial

Industrial and Warehousing Properties



86/88 International Road

Property Description

86/88 International Road comprises two blocks of single storey industrial warehouses with a 3-storey office annex each. It is located within the Jurong Industrial Estate that can be easily accessed via the Pan Island Expressway and the Ayer Rajah Expressway. It is of close proximity to Johor Bahru via the Second Link.

Site Address 86/88 International Road	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 16 December 1994)	Rental Per Annum \$1,415,000
Rentable Area 12,772.5 square metres	Appraised Value⁽²⁾ \$14,075,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Gilderol Doors (S) Pte Ltd	Purchase Price \$14,000,000	Remaining Term of Tenure 48 years
	Acquisition Date 25 July 2006	Property Usage Industrial and Warehousing

23 Tuas Avenue 10

Property Description

23 Tuas Avenue 10 is a 4-storey industrial cum warehouse building that can be easily accessed via the Pan Island Expressway and the Ayer Rajah Expressway. It is of close proximity to Johor Bahru via the Second Link.

Site Address 23 Tuas Avenue 10	Title (Tenure)⁽¹⁾ 30+29 years (w.e.f. 1 November 1997)	Rental Per Annum \$643,000
Rentable Area 9,504.9 square metres	Appraised Value⁽²⁾ \$8,550,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Uchem Products Pte Ltd	Purchase Price \$8,550,000	Remaining Term of Tenure 50 years
	Acquisition Date 25 July 2006	Property Usage Industrial and Warehousing



9 Tuas View Crescent

Property Description

9 Tuas View Crescent is a single storey industrial cum warehouse building with a 3-storey office annex located within the Jurong Industrial Estate.

Site Address 9 Tuas View Crescent	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 16 July 1998)	Rental Per Annum \$556,000
Rentable Area 6,650.1 square metres	Appraised Value⁽²⁾ \$5,725,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name United Central Engineering Pte Ltd	Purchase Price \$5,600,000	Remaining Term of Tenure 52 years
	Acquisition Date 25 July 2006	Property Usage Industrial and Warehousing



27 Pandan Crescent

Property Description

27 Pandan Crescent is a part single/part 3-storey industrial cum warehouse building with ancillary offices located within the Pandan Industrial Estate. It is easily accessible via the West Coast Highway and the Ayer Rajah Expressway.

Site Address 27 Pandan Crescent	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 16 May 1995)	Rental Per Annum \$572,000
Rentable Area 6,914.5 square metres	Appraised Value⁽²⁾ \$7,750,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Wong Sam Ngian Engineering (Pte) Ltd	Purchase Price \$7,700,000	Remaining Term of Tenure 48 years
	Acquisition Date 25 July 2006	Property Usage Industrial and Warehousing



Industrial Properties



7 Gul Lane

Property Description

7 Gul Lane is a single storey industrial building with mezzanine level located in the Jurong Industrial Estate. It is easily accessible via the Pan Island Expressway and the Ayer Rajah Expressway. It is also of close proximity to Johor Bahru via the Second Link.

Site Address	Purchase Price
7 Gul Lane	\$3,200,000
Rentable Area	Acquisition Date
4,499.0 square metres	25 July 2006
Tenant Name	Rental Per Annum
BG Casting Pte Ltd	\$369,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 16 May 1981)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$3,250,000 as at 31 December 2006	34 years
	Property Usage
	Industrial

31 Kian Teck Way

Property Description

31 Kian Teck Way is a part single/part 2-storey building located in the Jurong Industrial Estate. It is easily accessible via the Pan Island Expressway and the Ayer Rajah Expressway. It is also of close proximity to Johor Bahru via the Second Link.

Site Address	Purchase Price
31 Kian Teck Way	\$3,200,000
Rentable Area	Acquisition Date
3,074.0 square metres	25 July 2006
Tenant Name	Rental Per Annum
Brilliant Magnesium Pte Ltd	\$333,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+19 years (w.e.f. 1 September 1993)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$3,300,000 as at 31 December 2006	36 years
	Property Usage
	Industrial



Techplas Industrial Building

Property Description

Techplas Industrial Building is a 4-storey light industrial building cum office block that is of close proximity to the Changi International Airport, Changi Business Park and Singapore Expo. It is also easily accessible via the Pan Island Expressway and the East Coast Parkway.

Site Address	Purchase Price
45 Changi South Avenue 2	\$8,250,000
Rentable Area	Acquisition Date
6,845.5 square metres	25 July 2006
Tenant Name	Rental Per Annum
Chung Shan Plastics Pte Ltd	\$598,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 1 September 1995)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$8,775,000 as at 31 December 2006	49 years
	Property Usage
	Industrial

2 Tuas South Avenue 2

Property Description

2 Tuas South Avenue 2 is a part 4/part 6-storey industrial building with basement car park that can be easily accessed via the Pan Island Expressway and the Ayer Rajah Expressway. It is of close proximity to Johor Bahru via the Second Link.

Site Address 2 Tuas South Avenue 2	Title (Tenure)⁽¹⁾ 60 years (w.e.f. 4 January 1999)	Rental Per Annum \$1,922,000
Rentable Area 20,474.1 square metres	Appraised Value⁽²⁾ \$23,850,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name CS Industrial Land Pte Ltd	Purchase Price \$23,000,000	Remaining Term of Tenure 52 years
	Acquisition Date 25 July 2006	Property Usage Industrial



28 Woodlands Loop

Property Description

28 Woodlands Loop is a 4-storey industrial building easily accessed via the Bukit Timah Expressway and the Seletar Expressway. It is also of close proximity to Johor Bahru via the Causeway.

Site Address 28 Woodlands Loop	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 16 October 1995)	Rental Per Annum \$1,307,000
Rentable Area 12,249.9 square metres	Appraised Value⁽²⁾ \$13,650,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Sanwa Plastic Industry Pte Ltd	Purchase Price \$13,000,000	Remaining Term of Tenure 49 years
	Acquisition Date 25 July 2006	Property Usage Industrial

Standard Form Building

Property Description

Standard Form Building is a 4-storey building with a basement car park that is easily accessible via the Pan Island Expressway and the Tampines Expressway.

Site Address 37 Tampines Street 92	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 1 September 1994)	Rental Per Annum \$1,060,000
Rentable Area 10,733.2 square metres	Appraised Value⁽²⁾ \$11,580,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Standard Form Pte Ltd	Purchase Price \$10,560,000	Remaining Term of Tenure 48 years
	Acquisition Date 25 July 2006	Property Usage Industrial



16 Tuas Avenue 18A

Property Description

16 Tuas Avenue 18A is a part single/part 3-storey industrial building located within the Jurong Industrial Estate. It is easily accessible via the Pan Island Expressway and the Ayer Rajah Expressway.

Site Address 16 Tuas Avenue 18A	Title (Tenure)⁽¹⁾ 30+30 years (w.e.f. 1 March 1991)	Rental Per Annum \$281,000
Rentable Area 3,168.0 square metres	Appraised Value⁽²⁾ \$2,620,000 as at 31 December 2006	Occupancy Rate 100 percent
Tenant Name Standard Form Pte Ltd	Purchase Price \$2,600,000	Remaining Term of Tenure 44 years
	Acquisition Date 25 July 2006	Property Usage Industrial



Self Storage and Warehousing Property



160 Kallang Way

Property Description

160 Kallang Way is a part 4/part 5-storey warehouse with mezzanine floor located centrally in the MacPherson Industrial Estate. It has easy access to the Central Business District, Jurong Port, and Changi International Airport via the Pan Island Expressway and the future Kallang/Paya Lebar Expressway.

Site Address	Purchase Price
160 Kallang Way	\$23,200,000
Rentable Area	Acquisition Date
29,970.9 square metres	25 July 2006
Tenant Name	Rental Per Annum
StorHub Self Storage Pte Ltd	\$1,938,000
Title (Tenure)⁽¹⁾	Occupancy Rate
60 years (w.e.f. 16 February 1973)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$23,700,000 as at 31 December 2006	26 years
	Property Usage
	Self Storage and Warehousing

Car Showroom and Workshop Property



23 Lorong 8 Toa Payoh

Property Description

23 Lorong 8 Toa Payoh is a part 2/part 3-storey motor vehicle workshop with ancillary motor vehicle showroom and office. It is easily accessible via the Pan-Island Expressway and the Central Expressway.

Site Address	Purchase Price
23 Lorong 8 Toa Payoh	\$12,870,000
Rentable Area	Acquisition Date
4,718.7 square metres	25 July 2006
Tenant Name	Rental Per Annum
Exklusiv Auto Services Pte Ltd	\$1,313,000
Title (Tenure)⁽¹⁾	Occupancy Rate
30+30 years (w.e.f. 1 February 1992)	100 percent
Appraised Value⁽²⁾	Remaining Term of Tenure
\$13,850,000 as at 31 December 2006	45 years
	Property Usage
	Car Showroom and Workshop

Notes:

(1) Leasehold property.

(2) Valuation by Income and Discounted Cash Flow methods.

SINGAPORE INDUSTRIAL PROPERTY market overview

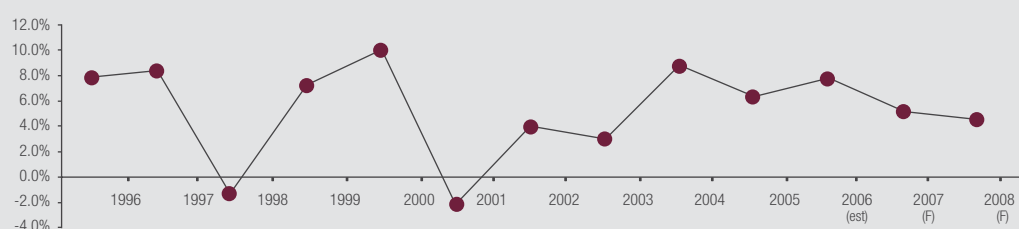
as at 31 January 2007

prepared by Colliers International Singapore Pte Ltd

THE SINGAPORE ECONOMY

Singapore's economy defied expectations time and again throughout 2006, leading the Government of Singapore to revise the year's growth in GDP five times from the initial forecast of 3 percent to 5 percent, given after the fourth quarter 2005 advance estimates were released, to between 7.5 percent to 8 percent, given after the final economic results of third quarter 2005 were released. The year finally ended with a stellar performance of 7.7 percent expansion in GDP based on advanced estimates. The manufacturing sector led the growth by a strong gain of 11.5 percent on a year-on-year basis.

Singapore's Y-o-Y GDP Growth



Source: MTI/EIU/Colliers International Singapore Research

In the manufacturing sector, growth was powered by the transport engineering and biomedical manufacturing clusters which expanded by 32.3 percent and 22.5 percent respectively in 2006.

Performance of Manufacturing Clusters In 2006

Manufacturing Cluster	Y-o-Y Growth
Electronics	3.2
Chemicals	1.7
Precision Engineering	9.5
Transport Engineering	32.3
General Manufacturing Industries	6.3
Bio-medical Manufacturing	22.5
Total Manufacturing	11.5

Source: EDB/Colliers International Singapore Research

The Government of Singapore forecasts that the Singapore economy will expand by between 4 percent and 6 percent in 2007 and the EIU predicted in January 2007 that Singapore's economy will expand by 4.4 percent in 2008.

FACTORY MARKET OVERVIEW

Supply

The islandwide stock of factory space stood at 295.3 million square feet as at 31 December 2006, reflecting a growth of 1.6 percent over the stock as at 31 December 2005. Net new supply of factory space amounted to 4.6 million square feet in 2006, 1.5 times of that in 2005. This increase, the first after three consecutive years of decline, was a result of active construction by industrialists to cater for business expansions or new set ups, as well as the resumption of construction by developers whose confidence in the industrial sector returned.

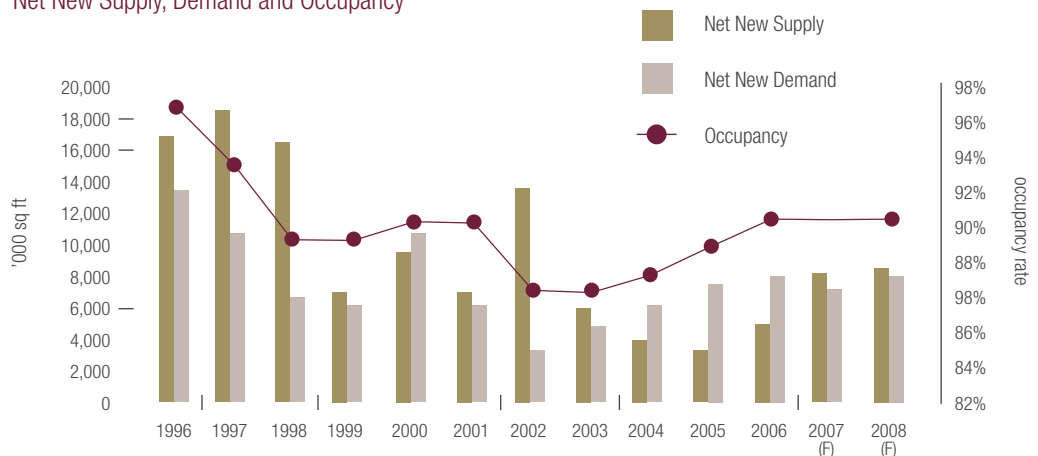


Factory space in the pipeline is estimated at 28.2 million square feet (net area) as at 31 December 2006. On an annual basis, factory space in the pipeline averaged at 5.6 million square feet, 34.0 percent below the average annual net new supply between 1997 and 2006.

Demand

Net new demand of factory space which has been expanding since 2003, chalked up a further growth of 7.6 percent in 2006 to reach a 6-year high of 7.6 million square feet as at 31 December 2006. This was also the third consecutive year in which net new demand had exceeded net new supply. As a result, oversupply of factory space eased rapidly, enabling occupancy rate to finally breach the 90 percent mark – a level capable of spurring rental growth. As at 31 December 2006, average occupancy rate of factory space stood at 90.7 percent.

Annual Islandwide Factory
Net New Supply, Demand and Occupancy



Source: URA/Colliers International Singapore Research

Rents

Buoyant demand of factory space and rising occupancy levels provided support for rents of prime multi-user conventional factories to finally stage an upturn after some five to eight quarters of stagnancy. Rents of prime multi-user conventional factories rose by 8.9 percent for ground floor space and 12 percent for upper floor space in 2006 to average at \$1.71 per square foot per month and \$1.31 per square foot per month respectively.



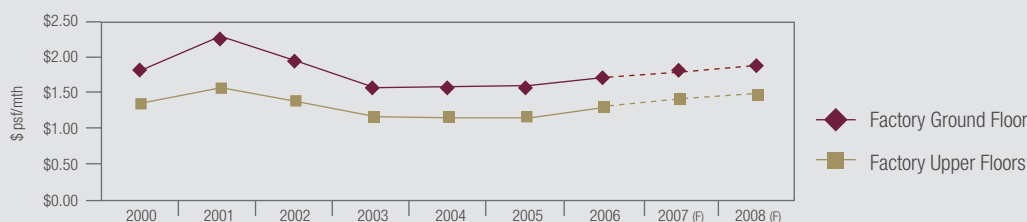
Rents of multi-user high-specs space, which have picked up from fourth quarter 2004, a far six quarters earlier than that of multi-user conventional factories, saw upward movement of some 11.7 percent for ground floor space and 9.3 percent for upper floor space in 2006. As at 31 December 2006, average monthly gross rents of ground floor multi-user high-specs space stood at \$2.20 per square foot whilst those of upper floor space stood at \$2.00 per square foot.

Average Monthly Gross Rents of Multi-User Factory Space

Type	Floor	Average Monthly Gross Rents (\$ psf)		Y-o-Y Change
		31 Dec 2005	31 Dec 2006	
Prime Conventional	Ground	\$1.57	\$1.71	8.9%
	Upper	\$1.17	\$1.31	12.0%
Hi-Specs	Ground	\$1.97	\$2.20	11.7%
	Upper	\$1.83	\$2.00	9.3%

Source: Colliers International Singapore Research

Average Monthly Gross Rents of Prime Factory Space



Source: Colliers International Singapore Research

Capital Values

Being more affordable than their freehold counterparts, multi-user leasehold factories saw stronger demand and hence chalked up remarkable growth in capital values amounting to 16.1 percent for upper floor space in 2006. The capital values of prime freehold multi-user factories were stable in the same period.

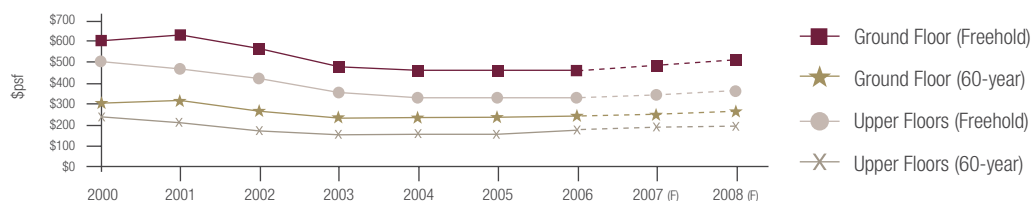
Average Capital Values of Multi-User Factory Space

Type	Floor	Average Capital Values (\$ psf)		Y-o-Y Change
		31 Dec 2005	31 Dec 2006	
Prime Freehold	Ground	\$461	\$461	0.0%
	Upper	\$327	\$327	0.0%
Prime Leasehold	Ground	\$237	\$241	1.7%
	Upper	\$155	\$180	16.1%

Source: Colliers International Singapore Research



Average Capital Values of Prime Multi-User Factory Space



Source: Colliers International Singapore Research

Outlook

Demand for factory space in 2007 is expected to moderate from 2006's strong performance due in part to the expected softening of Singapore's economy as well as the global chip sector. Nonetheless, it is still likely to remain healthy with further manufacturing commitments. These include Seagate which will spend \$1.3 billion over the next four years to build a 581,251 square feet recording media plant close to its existing plant in Woodlands, aerospace company Nordam which is boosting its maintenance, repair and overhaul plant in Changi North plant by 60,000 square feet by 2008 and semi-conductor firm IM Flash, a joint venture between Intel Corp and Micron Technology which will be spending \$4.7 billion to build a wafer fabrication plant anticipated to start production in 2008. New supply of factory space in 2007 is expected to be higher than that in 2006. Thus, occupancy rate of factory space is likely to moderate from 2006's levels.

Rents of prime multi-user conventional and hi-specs factory space are likely to see an average annual growth of up to 8 percent for 2007 and 2008. The resultant strengthening of yields will put upward pressure on capital values by up to 5 percent per annum over the same period.

WAREHOUSE MARKET OVERVIEW

Supply



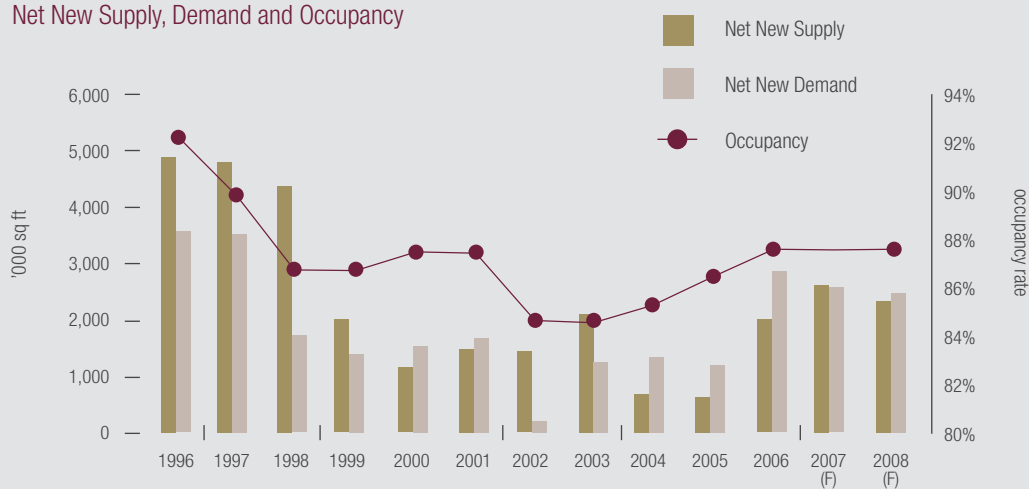
Islandwide stock of warehouse space grew at a faster pace than islandwide stock of factory space in 2006. Net new supply of warehouse space in 2006 was 3.4 times that of 2005 whilst net new supply of factory space in 2006 was just 1.5 times that of 2005. The completion of the Ikea and Courts' Tampines developments under the Warehouse Retail Scheme totaling almost half a million square feet accounted for about a quarter of this net new supply. As at 31 December 2006, islandwide stock of warehouse space stood at 64.1 million square feet.

Warehouse space in the pipeline amounted to a substantial 7.9 million square feet (net area) as at 31 December 2006. On an annual basis, an average of 4.0 million square feet of warehouse space per annum is expected to be completed over 2007 and 2008. This is almost twice as much as the average annual net new supply between 1997 and 2006.

Demand

Demand for warehouse space was brisk in 2006, amounting to 2.8 million square feet. This was 2.5 times the net new demand in 2005 and the highest in nine years since 1998. It was also 44.4 percent higher than the net new supply in the year. As a result, average occupancy rate for warehouse space improved by 1.7 percentage points in 2006 to end the year at 88.7 percent.

Annual Islandwide Warehouse Net New Supply, Demand and Occupancy



Source: Colliers International Singapore Research

Rents

Robust demand coupled with rising occupancy levels led to rents of prime multi-user warehouses rising by 12 percent for ground floor space and 17 percent for upper floor space in 2006 after some four to seven quarters of stagnancy. As at 31 December 2006, average monthly gross rents for prime multi-user warehouses stood at \$1.59 per square foot for ground floor space and \$1.17 per square foot for upper floor space.

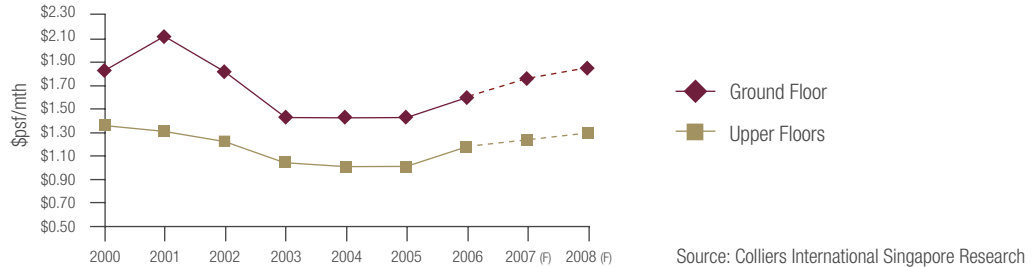
Average Monthly Gross Rents of Prime Multi-User Warehouse Space

Floor	Average Monthly Gross Rents (\$ psf)		Y-o-Y Change
	31 Dec 2005	31 Dec 2006	
Ground	\$1.42	\$1.59	12.0%
Upper	\$1.00	\$1.17	17.0%

Source: Colliers International Singapore Research



Average Monthly Gross Rents of Prime Multi-User Warehouse Space



Capital Values

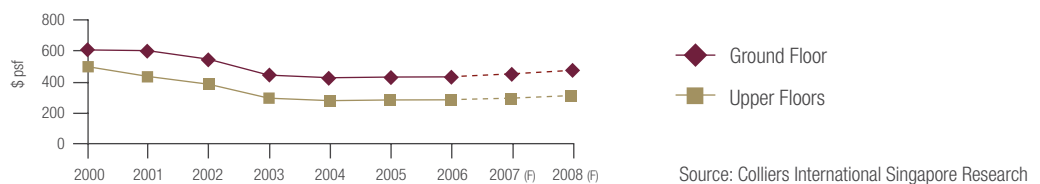
The capital values of prime freehold multi-user warehouses were stable in 2006. As at 31 December 2006, ground floor space in prime freehold multi-user warehouses commanded an average capital value of \$426 per square foot whilst upper floor space commanded an average capital value of \$282 per square foot.

Average Capital Values of Prime Freehold Multi-User Warehouse Space

Floor	Average Capital Values (\$ psf)		Y-o-Y Change
	31 Dec 2005	31 Dec 2006	
Ground	\$426	\$426	0.0%
Upper	\$282	\$282	0.0%

Source: Colliers International Singapore Research

Average Capital Values of Prime Freehold Multi-User Warehouse Space



Outlook

Going forward, demand for warehouse space is expected to remain healthy but moderate from 2006's level, in line with the expected moderation of the Singapore economy. Rents of prime multi-user warehouses are forecast to rise by an annual average of up to 8 percent in 2007 and 2008 whilst capital values are likely to see annual growth of up to 5 percent per annum for the same period.



Tay Huey Ying
 Director
 Research & Consultancy



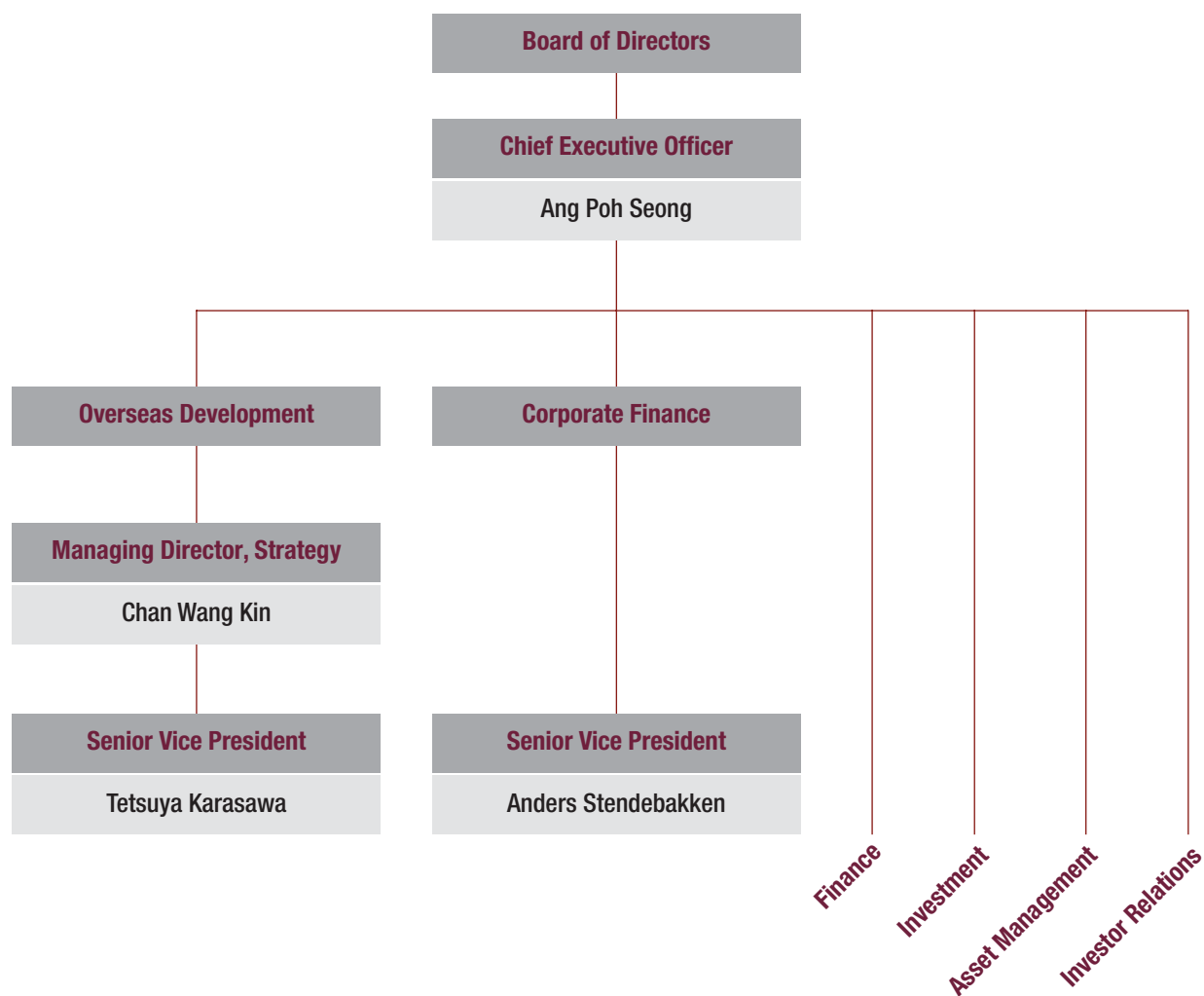
STRENGTH of management

Managers who deliver



about THE MANAGER

The Manager is backed by a team of committed real estate and finance professionals who are unwavering in their dedication to grow CIT and to align to the interests of the Unitholders.



Ang Poh Seong Chief Executive Officer

As Chief Executive Officer, Mr Ang drives the overall strategic planning, management and operation of CIT. He works closely with the Board members to formulate the overall business, investment and operational strategies for CIT. Backed by a team of committed staff, Mr Ang actively manages and oversees the management team of the Manager. He ensures that the investment, asset management, financial and operational strategies and objectives of CIT are efficiently implemented and in accordance with the Manager's stated investment and operational strategy. He holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

Chan Wang Kin Managing Director, Strategy

Mr Chan focuses on developing overseas expansions, especially in the areas of business development, property acquisitions and developing partnerships abroad. He assists the Chief Executive Officer in formulating the business, investment and operational strategies for overseas markets, including the sourcing and evaluation of suitable acquisitions beyond Singapore. Mr Chan holds a Master degree in Design Studies (Real Estate and Urban Development) from Harvard University and a Master degree in Business Administration (with Distinction) (specialization in Real Estate, Finance and Management) from Kellogg, Northwestern University.

Tetsuya Karasawa
Senior Vice President, Overseas Development

Mr Karasawa's work scope centers on developing acquisitions through the Japanese network and partnerships both in Singapore and in Asia. Reporting to the Managing Director, Strategy, Mr Karasawa capitalises on Mitsui's network of Japanese business contacts outside Japan, to target and evaluate suitable investment opportunities and potential sale and leaseback acquisitions for CIT among Japanese and non-Japanese property owners both in Singapore and the region. Mr Karasawa holds a Bachelor of Laws degree from Waseda University, Tokyo, Japan.

Anders Stendebakken
Senior Vice President, Corporate Finance

Mr Stendebakken formulates and advises the Chief Executive Officer on the financial strategies to best meet the short to long term income-maximizing objectives of CIT. Working closely with a team of finance professionals, Mr Stendebakken ensures that these financial strategies are implemented and assesses the benefits of various debt and equity instruments. In addition to this, Mr Stendebakken advises the Chief Executive Officer on CIT's growth strategy, other business development initiatives as well as manages relationships with investors, analysts and banks. Mr Stendebakken obtained his Master of Science (Business and Economics) degree, majoring in Finance from the Stockholm School of Economics and Business Administration in Sweden.

about THE PROPERTY MANAGER

The Property Manager is manned by a team of property management specialists whose main responsibility is to manage CIT's assets and liabilities with the objective of maximizing income and minimizing expenses for the benefit of CIT.

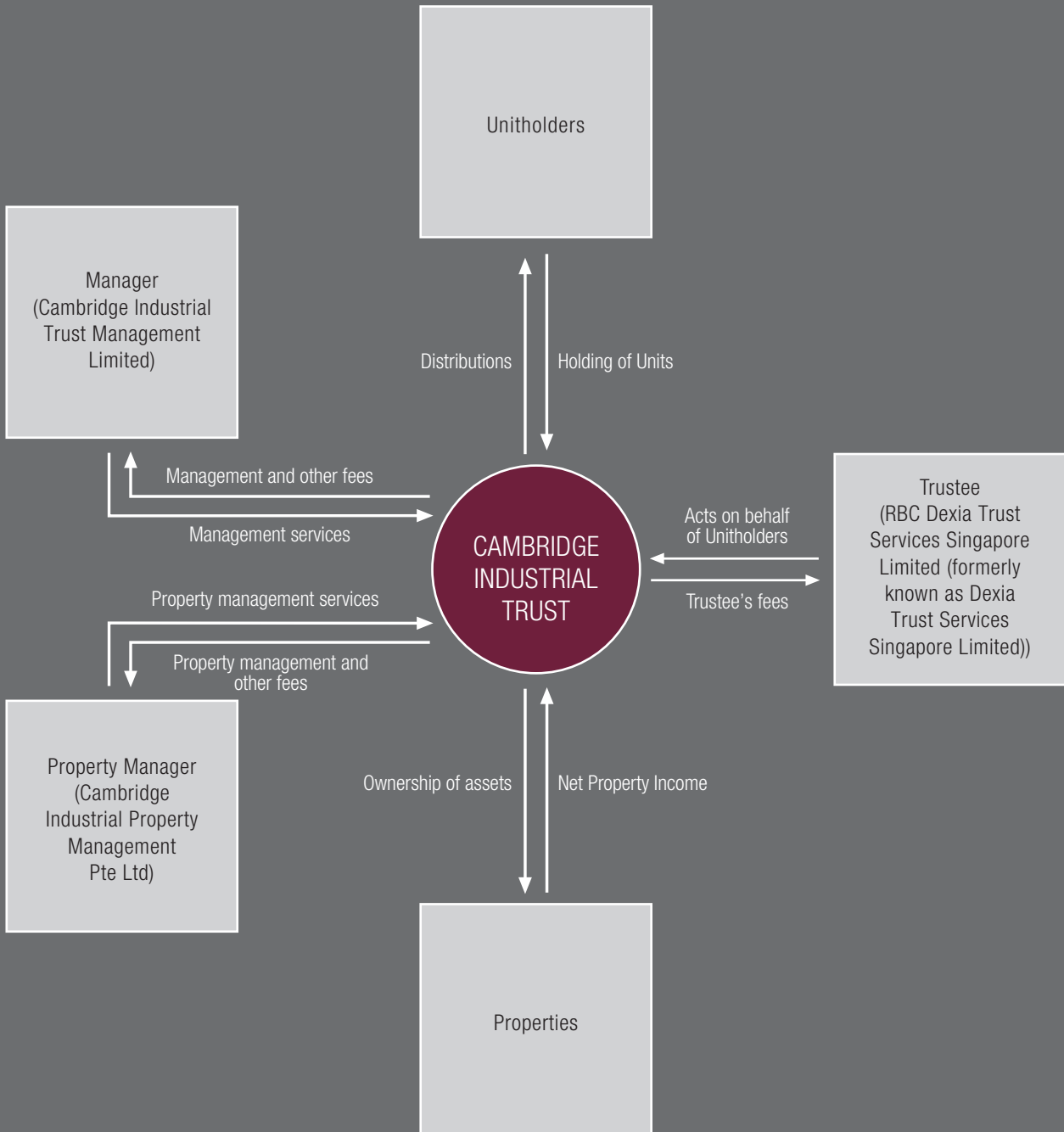
Led by the General Manager, the Property Manager recommends suitable income and property optimizing strategies to the Trustee that is in tandem with the Manager's investment objectives.



Kwek Chin Liang
General Manager

With 16 years of related work experience in property and facility management under his belt, Mr Kwek heads the property management business. He works closely with the Board members to define, recommend and execute operational, capital improvement and asset enhancement initiatives to the Trustee. Together with a team of property management specialists, Mr Kwek oversees the day to day property management, leasing and revenue maximization and expense management of CIT. He holds a Master of Science (Real Estate) degree from the National University of Singapore. Mr Kwek is also a member of the Association of Property and Facilities Managers.

STRUCTURE of cambridge industrial trust



CORPORATE GOVERNANCE

The Board and the Manager recognize that they have a duty of care to act with the highest integrity for the best interest of CIT to the benefit of Unitholders. The following section describes the practices undertaken by the Manager. The Board strives towards keeping abreast with best practices.

The Manager of CIT

In accordance with the terms stated in the Trust Deed, CITM was appointed as Manager of CIT, a trust which was constituted on 31 March 2006.

CIT is externally managed by the Manager and in accordance with the Trust Deed, there are no personnel in CIT. All Directors and employees are remunerated directly by the Manager.

The Manager has general powers over the management of the assets and liabilities of CIT. As covenanted in the Trust Deed, the Manager conducts its business in a professional manner and ensures that CIT conforms to the highest levels of corporate conduct.

The Manager's prime duty is to manage CIT's assets and liabilities for the benefit of Unitholders. The Manager charts the strategic direction of CIT and advises the Trustee on matters pertaining to acquisition, divestment or enhancement of assets in line with the overall investment strategy.

The main functions of the Manager are listed below.

- Ensure that all transactions that are conducted with or on behalf of CIT are at arms' length.
- Prepare annual business plans in relation to forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentaries on key issues, and other relevant assumptions.
- Ensure statutory compliance with the applicable provisions of the Securities and Futures Act ("SFA") and all other relevant legislations, the Listing Manual, the Collective Investment Scheme ("CIS") Code (including the Property Funds Guidelines), the Trust Deed, the Tax Ruling and all relevant contracts.

- Advise the Trustee on funding requirements to enable CIT to meet the liabilities or acquisition objectives of the Manager.
- Attend to regular and timely communications with Unitholders.
- Supervise the Property Manager to ensure effective property maintenance, leasing and marketing as well as management of individual property revenue collections and expenditure.

The Manager can retire in favour of a corporation approved by the Trustee to act as the manager of CIT under circumstances as outlined in the Trust Deed.



Board of Directors

The Board is represented by members with a breadth of expertise in finance, real estate, law and management. The Board ensures that the corporate governance policies are practiced by the Manager and that business practices are conducted with integrity.

The key roles of the Board are listed below.

- Oversee the management, setting goals and tracking the achievement of the goals by the management.
- Set the strategic business direction and risk management of CIT.
- Approve investments and divestments based on pre-determined authorised limits.
- Review financial objectives, financial controls, budget and performance.
- Approve the release of CIT's financial results to the SGX-ST.
- Nominate and review the performance of Directors.

The Board has established a standard protocol for the management of the Manager and CIT, including a system of internal controls and a business risk management process that set the guidelines and approval limits for investment and divestment, bank borrowings, capital expenditure and cheque signatories.

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

Composition of the Board

The Board recognises that there is a need to appoint one more Independent Director so that one third of the Board composition is made up of Independent Directors. The Human Resource and Remuneration Committee is in the process of electing suitable candidates for this appointment. When the candidate is identified and duly approved by the relevant authorities, the appointment of one more Independent Director will take place.

The Board presently consists of ten members, three of whom are Independent Directors. The Board members are:

- **Dr Tan Seng Chin, Finian** Chairman and Non-executive Director
- **Mr Ang Poh Seong** Chief Executive Officer and Executive Director
- **Mr Chan Wang Kin** Executive Director

- **Mr Tetsuya Karasawa** Executive Director
- **Dr Chi Chien-Chuen, Jeffrey** Non-executive Director
- **Mr Liao Chung Lik** Non-executive Director
- **Mr Takayuki Kawashima** Non-executive Director
- **Mr Ravindran s/o Ramasamy** Independent Director
- **Dr Ong Seow Eng** Independent Director
- **Mr Tan Ming Kirk, Richard** Independent Director

Mr Leong Weng Chee resigned from the Board on 11 October 2006 as an Executive Director. He is credited for his contributions to the successful listing of CIT. Mdm Lee Kim Mon retired from the Board as an Independent Director on 30 November 2006. She was appointed to the Board on 6 November 2005 and has made significant contributions to the Manager. Mr Tan Ming Kirk, Richard was appointed as Independent Director on 1 December 2006.

The composition of the Board is determined using the following principles.

- The majority of board members are Non-executive Directors and Independent Directors.
- The Chairman of the Board is a Non-executive Director.
- The Board comprises Directors with a wide range of commercial experience including expertise in the property, finance, fund management, law and banking industries.
- At least one-third of the Board is made up of Independent Directors.

The composition of the Board is reviewed periodically to ensure that the Board comprises an appropriate mix of expertise and experience. Briefings on the business operations are given to newly appointed Directors.

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

Meeting Attendance

During the period from to 25 July 2006 to 31 December 2006, the Manager has held five Board meetings, three Audit Committee meetings and three Human Resource and Remuneration Committee meetings of which the attendance are stated below.

Board Members	Board Meetings		Audit Committee Meetings		Human Resource and Remuneration Committee Meetings	
	Held :	Attended :	Held :	Attended :	Held :	Attended :
Dr Tan Seng Chin, Finian	5	5	NA	NA	3	3
Mr Ang Poh Seong	5	5	NA	NA	NA	NA
Mr Chan Wang Kin	5	5	NA	NA	NA	NA
Mr Tetsuya Karasawa	5	5	NA	NA	NA	NA
Dr Chi Chien-Chuen, Jeffrey	5	5	3	3	NA	NA
Mr Liao Chung Lik	5	5	NA	NA	1 ⁽¹⁾	1 ⁽¹⁾
Mr Takayuki Kawashima	5	2	NA	NA	NA	NA
Mr Ravindran s/o Ramasamy	5	5	3	3	3	3
Dr Ong Seow Eng	5	5	3	3	3	3
Mr Tan Ming Kirk, Richard (appointed on 1 December 2006)	1	1	NA	NA	0 ⁽¹⁾	0 ⁽¹⁾
Mr Leong Weng Chee (resigned on 11 October 2006)	2	2	NA	NA	NA	NA
Mdm Lee Kim Mon (retired on 30 November 2006)	4	2	NA	NA	3	2

Note:

(1) Mr Liao Chung Lik was appointed to the Human Resource and Remuneration Committee on 23 November 2006 while Mr Tan Ming Kirk, Richard was appointed to the same sub-committee on 1 December 2006.

Board Remuneration

The Board members are remunerated by the Manager and not CIT. The remuneration bands and percentage breakdown of the board remuneration for FY2006 are listed below.

Board Members	Remuneration Bands			Percentage Breakdown		
	> \$500,000	\$250,000 - \$500,000	< \$250,000	Directors' Fees %	Attendance Fees %	Total %
Dr Tan Seng Chin, Finian	-	-	✓	97	3	100
Mr Ang Poh Seong	-	-	✓	100	-	100
Mr Chan Wang Kin	-	-	✓	100	-	100
Mr Tetsuya Karasawa	-	-	✓	100	-	100
Dr Chi Chien-Chuen, Jeffrey	-	-	✓	91	9	100
Mr Liao Chung Lik	-	-	✓	89	11	100
Mr Takayuki Kawashima	-	-	✓	94	6	100
Mr Ravindran s/o Ramasamy	-	-	✓	97	3	100
Dr Ong Seow Eng	-	-	✓	96	4	100
Mr Tan Ming Kirk, Richard (appointed in 1 December 2006)	-	-	✓	92	8	100
Mr Leong Weng Chee (resigned on 11 October 2006)	-	-	✓	100	-	100
Mdm Lee Kim Mon (retired on 30 November 2006)	-	-	✓	98	2	100

Notes:

- (1) Both Mr Ang Poh Seong and Mr Chan Wang Kin received solely salaries via their employment while the Non-executive Directors and Independent Directors received Attendance and Director's Fees only.
- (2) The remuneration of Mr Tetsuya Karasawa and Mr Takayuki Kawashima are paid/payable to Mitsui by way of service fees and not directly to the individuals.

Roles of Chairman and Chief Executive Officer

To effectively segregate the roles and responsibilities, the positions of Chairman and Chief Executive Officer are held by two separate persons.

The Chairman ensures that the members of the Board and management work in partnership with integrity, competency and moral authority, engaging management in constructive debate on strategy, business operations and enterprise risks.

The Chief Executive Officer has full executive responsibilities over the business direction and operational decisions in managing CIT.

Committees

The Board has established committees to assist it in discharging its responsibilities. These committees and its current members are as follows.

Board Members	Designation	Executive Committee	Audit Committee	Human Resource and Remuneration Committee
Dr Tan Seng Chin, Finian	Chairman and Non-executive Director	Chairman	-	Chairman
Mr Ang Poh Seong	Chief Executive Officer and Executive Director	Member	-	-
Mr Chan Wang Kin	Executive Director	Member	-	-
Mr Tetsuya Karasawa	Executive Director	Member	-	-
Dr Chi Chien-Chuen, Jeffrey	Non-executive Director	Member	Member	-
Mr Liao Chung Lik	Non-executive Director	-	-	Member
Mr Takayuki Kawashima	Non-executive Director	-	-	-
Mr Ravindran s/o Ramasamy	Independent Director	-	Chairman	Member
Dr Ong Seow Eng	Independent Director	-	Member	Member
Mr Tan Ming Kirk, Richard	Independent Director	-	-	Member

Executive Committee ("Exco")

The Exco is responsible for the day-to-day operations and reports to the Board. The Exco, which includes two Non-executive Directors, has been empowered by the Board to oversee the Executive Directors in conducting the day-to-day activities of the Manager.

The Exco reviews and recommends to the Board on the following matters.

- Proposed annual business plan in relation to CIT, including the acquisition strategy.
- Proposed issuance of new Units in CIT.
- Proposed investments and divestments, financing and banking facilities.
- Any proposed material modification, alteration or addition to the Trust Deed relating to CIT.

Members of the Exco who have interests in any transaction are required to abstain from voting on the matter.

The Board remains responsible for the management of CIT.

Audit Committee

The Audit Committee is appointed based on two principles:

- That the majority are Independent Directors; and
- That the Chairman is an Independent Director.

The scope of duty of the Audit Committee is listed below.

- Reviewing the quality and reliability of information that is to be included in financial reports.
- Monitoring and evaluating the effectiveness of the internal control process through reviewing internal and external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management.
- Nomination of internal and external auditors and reviewing of the adequacy of audits in respect of cost, scope and performance.
- Monitoring of procedures to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines.
- Reviewing of CIT's financial statements and the audit report.

- Monitoring of the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to transactions between the Trustee and an Interested Person and the provisions of the Property Funds Guidelines relating to transactions between the Trustee and an Interested Person.

The Audit Committee has full access to the external auditors and meets with the auditors, without the presence of management, at least once a year.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee has full responsibility for the following.

- Appointment of new Directors of the Manager.
- Appointment of any key staff of the Manager.
- Review of the composition of the Board to ensure adequacy and appropriate mix of expertise and experience.
- Recommendation of Director's Remuneration.
- Determination of year-end bonus for the staff.
- Determination of whether to take up Units versus cash for the Manager's fees.

INTERNAL CONTROLS OF THE MANAGER

Internal Audit

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

The Audit Committee has outsourced the internal audit function to BDO Raffles Consultants Pte Ltd ("BDO"), a professional accounting firm, in February 2007. BDO's primary line of reporting is to the Audit Committee, with administrative reporting to the Chief Executive Officer.

The Audit Committee will review and approve the annual internal audit plan, and will ensure that BDO has adequate resources to perform its functions. The Audit Committee will also review the results of internal audits and the related management's actions in resolving the audit issues reported.

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

Dealing in CIT Units

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

In general, the company encourages the Directors and employees of the Manager to hold Units but prohibits them from dealing in the Units:

1. in the period one month before the public announcement of CIT's annual and half year results and where applicable property valuations and two weeks before the announcement of CIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
2. at any time whilst in possession of price sensitive information.

The Directors and Executive Officers are advised not to deal in the Units on short-term considerations.

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

Risk Assessment and Management of Business Risks

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

The Board will also review the risks to the assets of CIT and examines liability management and will act upon any comments from the auditors of CIT.

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

To reflect the Manager's commitment to conduct its business within a framework that fosters the highest ethical and legal standards, the Manager has adopted a whistle-blower policy. The objective is to provide a channel for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle-blowing in good faith. The members of the Audit Committee, in particular the Chairman, will be the first contact for issues raised under this policy.

DEALINGS WITH RELATED PARTIES

Review Procedures for Related Party Transactions

The Manager has established an internal control system to ensure that all future transactions involving the Trustee and a 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 must demonstrate to the Audit Committee 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 Guidelines.

In addition, the following procedures will be undertaken:

- transactions equal to or exceeding \$100,000 in value but below 3 percent of the value of CIT's net tangible assets are subject to review by the Audit Committee at regular intervals;

- transactions equal to or exceeding 3 percent, but below 5 percent of the value of CIT's net tangible assets, are subject to the review and approval of the Audit Committee. Such approval will only be given if the transactions are on normal commercial terms and consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions equal to or exceeding 5 percent of the value of CIT's net tangible assets, are reviewed and approved by the Audit Committee 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 Guidelines, such transactions also require the approval of 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 required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of CIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Guidelines and the Listing Manual relating to the transaction in question.

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 Guidelines and the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines by MAS and the SGX-ST that apply to REITs.

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

Dealings with Conflicts of Interest

The following procedures have been established to deal with conflicts of interest issues.

1. The Manager will be a dedicated manager to CIT and will not manage any other real estate investment trust or be involved in any other real property business.
2. All Executive Officers will be employed by the Manager.
3. 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.
4. At least one-third of the Board shall comprise of Independent Directors.
5. All Related Party Transactions must be reviewed by the Audit Committee and approved by a majority of the Audit Committee. If a member of the Audit Committee has an interest in a transaction, he or she will abstain from voting.
6. In respect of matters in which a Director of the Manager or his Associates has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors of the Manager and must exclude such interested Directors.
7. 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 of CITM and/or their Associates have a material interest.
8. 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 the said 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 shall be 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 any 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, which may also be in the interests 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 right to take such action as it deems fit against such affiliate.

Role of the Audit Committee for Related Party Transactions

All Related Party Transactions will be periodically reviewed by the Audit Committee to ensure compliance with the Manager's internal control system and with the relevant provisions of the Listing Manual, as well as the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents, or such other data deemed necessary to the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions (equal to or exceeding \$100,000 each in value) entered during the financial period are disclosed under "Additional Information".

Related Party Transactions

CIT is regulated by the Property Funds Guidelines and the Listing Manual. The Property Funds Guidelines regulate, among other things, transactions entered into by the Trustee (for and on behalf of CIT) with an "interested party" relating to CIT's acquisition of assets from or sale of assets to an "interested party", CIT's investment in securities of, or issued by, an "interested party" and the engagement of an "interested party" as property management agent or marketing agent for CIT's properties. Depending on the nature of transactions entered into by CIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an "interested party", the Property Funds Guidelines may require that an immediate announcement to the SGX-ST be made, and may also require the approval of the Unitholders.

The Listing Manual regulates all “interested person transactions”, including transactions already governed by the Property Funds Guidelines. Depending on the materiality of the transaction, CIT may be required to make a public announcement of the transaction, or to make a public announcement of and to obtain the Unitholders’ prior approval for the transaction. The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to “interested person transactions” as well as such other guidelines relating to “interested person transactions” as may be prescribed by the SGX-ST to apply to REITs.

The Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to tenancy agreements and/or license agreements to be entered into with “interested persons” (as defined in the Listing Manual), and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of CIT and the Unitholders.

Both the Property Funds Guidelines and the Listing Manual requirements would have to be complied with in respect of a proposed transaction, which is *prima facie* governed by both sets of rules. Where matters concerning CIT relate to transactions entered or to be entered into by the Trustee for and on behalf of CIT with a related party (either an “interested party” under the Property Funds Guidelines or an “interested person” under the Listing Manual) of the Manager or CIT, the Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question.

The Manager is not prohibited by either the Property Funds Guidelines or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of

CIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of CIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from, or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its “connected persons” (as defined in the Listing Manual) and any Director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest in the transaction.

Communication with Unitholders

The listing rules of the SGX-ST require that a listed entity discloses to the market matters that could or might be expected to have a material effect on the price of the entity’s securities.

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

CIT’s website also provides visitors with the option to sign up for a free email alert service to be alerted to newly posted company information on the site.

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.

INVESTOR relations

Our Investor Relations policy is to relay business performance and developments with clarity and transparency to the investment and financial community through regular and timely communications. We strive towards best practices in our investor relations program and practice an investor, analyst and media-friendly approach in all our communications to the key stakeholders.

Since CIT was listed on 25 July 2006, our senior management has held active and direct dialogue sessions with investors and analysts through one-on-one meetings, overseas roadshows, investor luncheons and conference calls. We value feedback from the investment and financial community and queries are attended to in a timely manner.

We issue announcements and press releases on financial results and major business developments and events via the SGXNET in compliance to obligations under the SGX-ST Listing Manual.

After each financial quarter, the financial results are released to the public via the SGXNET so as to ensure fair and even disclosure. The investment and financial community has regular access to the senior management through the investor and analyst briefings and presentations that are usually held after the announcements.

Additionally, the investment and financial community may sign up for email alerts on our website which issues email notifications on the latest announcements and press releases.

SGX-ST Listing

CIT is listed on the SGX-ST and trades under the SGX Code of "Cambridge". More information can be found on the SGX-ST website www.sgx.com.sg.

Unitholder Enquiries

We value your feedback and enquiries. Please contact us at:

Cambridge Industrial Trust Management Limited

61 Robinson Road

#12-01 Robinson Centre

Singapore 068893

Tel : (65) 6222 3339

Fax : (65) 6827 9339

Email : enquiry@cambridgetm.com

Website : www.CambridgeIndustrialTrust.com

Proposed Calendar of Events for FY2007

Apr 07

First Quarter 2007 Results Announcement

May 07

Books Closure Date for First Quarter 2007 Distribution
Payment of First Quarter 2007 Distribution

Jul 07

Second Quarter and Half Year 2007 Results Announcement

Aug 07

Books Closure Date for Second Quarter 2007 Distribution
Payment of Second Quarter 2007 Distribution

Oct 07

Third Quarter 2007 Results Announcement

Nov 07

Books Closure Date for Third Quarter 2007 Distribution
Payment of Third Quarter 2007 Distribution

Jan 08

Fourth Quarter and Full Year 2007 Results Announcement

Feb 08

Books Closure Date for Fourth Quarter 2007 Distribution
Payment of Fourth Quarter 2007 Distribution



CORPORATE directory

The Manager

Cambridge Industrial Trust Management Limited

Company registration number: 200512804G

Registered Office:

61 Robinson Road

#12-01 Robinson Centre

Singapore 068893

Phone : (65) 6222 3339

Fax : (65) 6827 9339

Website : www.CambridgeIndustrialTrust.com

Board of Directors

Dr Tan Seng Chin, Finian

Chairman and
Non-executive Director

Mr Ang Poh Seong

Chief Executive Director
and Executive Director

Mr Chan Wang Kin

Executive Director

Mr Tetsuya Karasawa

Executive Director

Dr Chi Chien-Chuen, Jeffrey

Non-executive Director

Mr Liao Chung Lik

Non-executive Director

Mr Takayuki Kawashima

Non-executive Director

Mr Ravindran s/o Ramasamy

Independent Director

Dr Ong Seow Eng

Independent Director

Mr Tan Ming Kirk, Richard

Independent Director

Executive Committee ("Exco")

Dr Tan Seng Chin, Finian

Chairman

Mr Ang Poh Seong

Member

Mr Chan Wang Kin

Member

Mr Tetsuya Karasawa

Member

Dr Chi Chien-Chuen, Jeffrey

Member

Audit Committee

Mr Ravindran s/o Ramasamy

Chairman

Dr Chi Chien-Chuen, Jeffrey

Member

Dr Ong Seow Eng

Member

Human Resource and Remuneration Committee

Dr Tan Seng Chin, Finian

Chairman

Mr Ravindran s/o Ramasamy

Member

Dr Ong Seow Eng

Member

Mr Tan Ming Kirk, Richard

Member

Mr Liao Chung Lik

Member

The Property Manager

Cambridge Industrial Property Management Pte Ltd

Company registration number: 200515344N

Registered Office:

61 Robinson Road

#12-01 Robinson Centre

Singapore 068893

Phone : (65) 6222 3339

Fax : (65) 6827 9339

Website : www.CambridgeIndustrialTrust.com

Board of Directors

Dr Chi Chien-Chuen, Jeffrey

Non-executive Director

Mdm Lye Siew Hong

Non-executive Director

Unit Registrar and Unit Transfer Office

B.A.C.S. Private Limited

63 Cantonment Road

Singapore 089758

Phone : (65) 6323 6200

Fax : (65) 6323 6990

Trustee

RBC Dexia Trust Services Singapore Limited

(formerly known as Dexia Trust Services Singapore Limited)

20 Cecil Street

#28-01 Equity Plaza

Singapore 049705

Phone : (65) 6823 5000

Fax : (65) 6538 2090

Website : www.rbcdexia-is.com

Auditors

KPMG

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

Phone : (65) 6213 3388

Fax : (65) 6225 6157

Partner-in-charge: Mr Tay Puay Cheng

(Since financial period ended 31 December 2006)

Website : www.kpmg.com.sg

Company Secretaries

Person-in-charge: Ms Yvonne Goh, FCIS

Person-in-charge: Ms Shirley Lim, FCIS

KCS Corporate Services Pte Ltd

36 Robinson Road

#17-01 City House

Singapore 068877

Phone : (65) 6311 3233

Fax : (65) 6311 3256

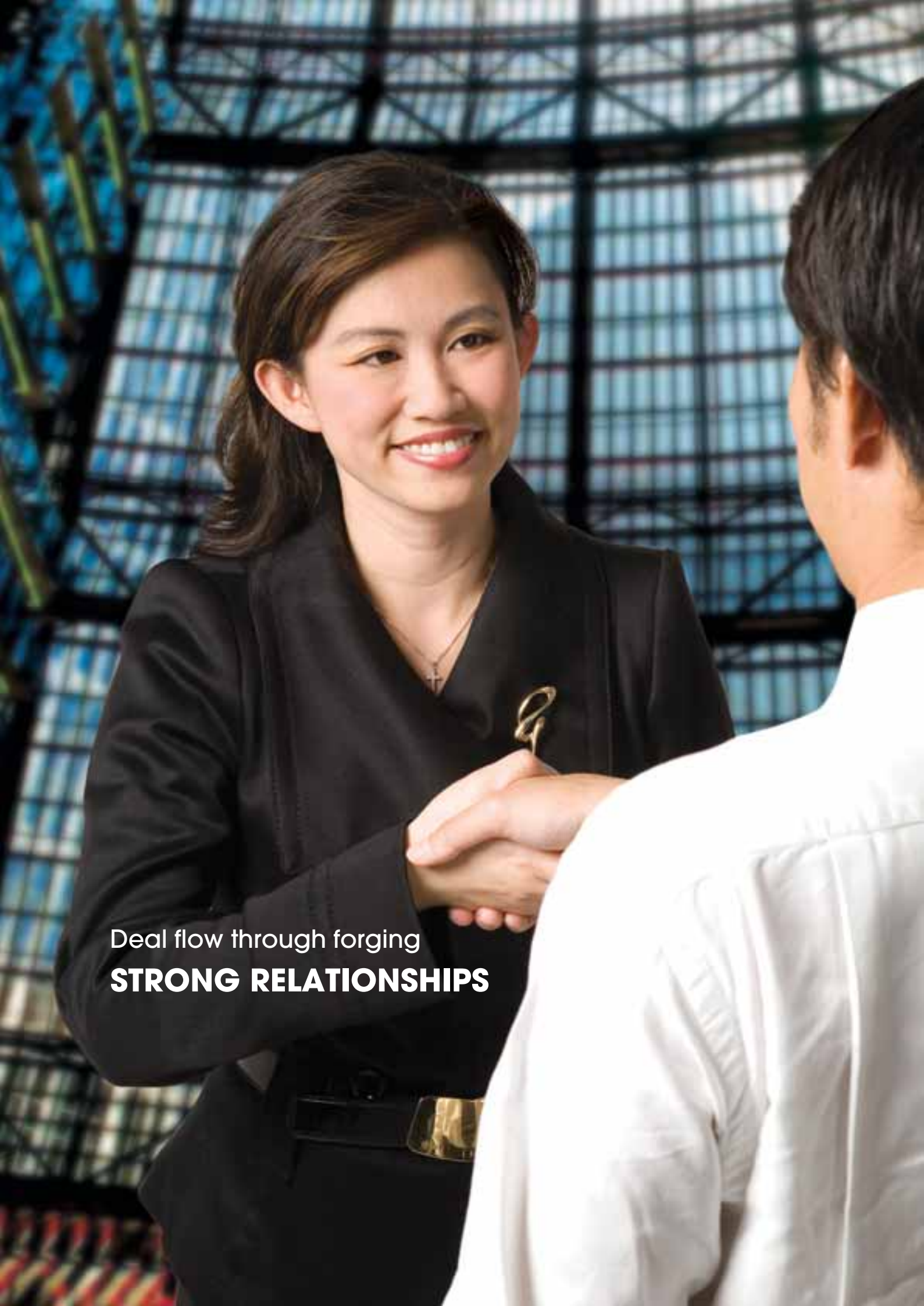
Website : www.kcs.com

SGX Code

Cambridge

Stock Symbol

J91U



Deal flow through forging
STRONG RELATIONSHIPS

FINANCIALS

57	Report of The Trustee
58	Statement by the Manager
59	Auditors' Report
60	Balance Sheet
61	Statement of Total Return
62	Distribution Statement
63	Statement of Movements in Net Assets Attributable to Unitholders
64	Investment Properties Portfolio Statement
69	Cash Flow Statement
71	Notes to the Financial Statements

Report of the Trustee

Period from 31 March 2006 (date of constitution) to 31 December 2006

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed CIT during the period covered by these financial statements, set out on pages 60 to 88, comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Net Assets Attributable to Unitholders, Portfolio Statement, Cash Flow Statement and Notes to the Financial Statements of CIT, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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

Dominique Draux
Director

Singapore
12 February 2007

Statement by the Manager

Period from 31 March 2006 (date of constitution) to 31 December 2006

In the opinion of the directors of Cambridge Industrial Trust Management Limited, the accompanying financial statements set out on pages 60 to 88 comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Net Assets Attributable to Unitholders, Portfolio Statement, Cash Flow Statement and Notes to the Financial Statements of CIT are drawn up so as to present fairly, in all material respects, the financial position of Cambridge Industrial Trust ("CIT") as at 31 December 2006, the total return, distributable income, movements in net assets attributable to Unitholders and cash flows for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that CIT will be able to meet its financial obligations as and when they materialise.

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

Ang Poh Seong
Director

Singapore
12 February 2007

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

(Constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006)

We have audited the accompanying financial statements of Cambridge Industrial Trust ("CIT"), which comprise the Balance Sheet and Portfolio Statement as at 31 December 2006, the Statement of Total Return, Distribution Statement, Statement of Movements in Net Assets Attributable to Unitholders, Cash Flow Statement for the period from 31 March 2006 (date of constitution) to 31 December 2006 and a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 88.

Manager's responsibility for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CIT as at 31 December 2006 and the total return, distributable income, movements in net assets attributable to Unitholders and cash flows of CIT for the period from 31 March 2006 (date of constitution) to 31 December 2006 in accordance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG
Certified Public Accountants
Singapore
12 February 2007

Balance Sheet

As at 31 December 2006

	Note	2006 \$'000
Current assets		
Trade and other receivables	3	1,236
Cash and cash equivalents	4	11,690
		<u>12,926</u>
Non-current assets		
Investment properties	5	<u>531,000</u>
Total assets		<u><u>543,926</u></u>
Current liabilities		
Trade and other payables	6	5,722
Interest-bearing borrowings	7	192,850
		<u>198,572</u>
Net assets attributable to Unitholders		<u>345,354</u>
Total liabilities		<u><u>543,926</u></u>
Net assets attributable to Unitholders		345,354
Units in issue	8	512,152,884
Net asset value per unit (\$)		0.67

Statement of Total Return

Period from 31 March 2006 (date of constitution) to 31 December 2006

	Note	Period from 31/3/2006 to 31/12/2006 \$'000
Gross revenue	9	18,813
Property expenses	10	(2,492)
Net property income		16,321
Manager's management fees	11	(1,158)
Trust expenses	12	(543)
Interest income		183
Borrowing costs		(3,721)
Fair value adjustment on financial derivative		(312)
Net income		10,770
Net appreciation on revaluation of investment properties		6,359
Total return for the period before income tax		17,129
Income tax expense	13	–
Total return for the period		17,129
Earnings per unit (cents)	14	
Basic		2.115
Diluted		2.115

Distribution Statement

Period from 31 March 2006 (date of constitution) to 31 December 2006

	Period from 31/3/2006 to 31/12/2006 \$'000
Total return after income tax before distribution	17,129
Less: Net tax adjustments (Note A)	(4,686)
Taxable income available for distribution	12,443
Distribution to Unitholders:	
Distribution of 1.006 cents per unit for the period from 25/7/2006 to 30/9/2006	5,145
Taxable income available for distribution to Unitholders as at 31/12/2006	7,298

Note A – Net Tax Adjustments

	Period from 31/3/2006 to 31/12/2006 \$'000
Non-tax deductible items:	
Manager's management fees (paid in units)	1,065
Trustee's fees	46
Loan transaction costs	220
Fair value adjustment on financial derivative	312
Provision for repairs and maintenance (general)	30
	1,673
Income not subject to tax:	
Net appreciation on revaluation of investment properties	(6,359)
	(4,686)

Statement of Movements in Net Assets Attributable to Unitholders

Period from 31 March 2006 (date of constitution) to 31 December 2006

	Period from 31/3/2006 to 31/12/2006 \$'000
Net assets attributable to Unitholders at beginning of period	–
Operations	
Net income	10,770
Net appreciation on revaluation of investment properties	6,359
Increase in net assets resulting from operations	17,129
Unitholders' transactions	
Issue of new units:	
- Units issued as partial settlement for the acquisition of investment properties	131,812
- Initial public offering	11,900
- Private placement	204,077
- Manager's management fees paid in units (base fee)	448
Units to be issued	
- Manager's management fees payable in units (base fee)	617
Issue costs	(15,484)
Distribution to Unitholders	(5,145)
Increase in net assets resulting from Unitholders' transactions	328,225
Net assets attributable to Unitholders at end of period	345,354

Investment Properties Portfolio Statement

As at 31 December 2006

Description of property	Tenure of land	Remaining		Location	Existing use	Occupancy rate at 31/12/2006 %	At Valuation at 31/12/2006 \$'000	Percentage of total Net Assets Attributable to Unitholders at 31/12/2006 %
		Term of lease (years)	term of lease (years)					
Logistics and Warehousing Properties ⁽¹⁾								
CWT DISTRI PARK	Leasehold	30+12	30 ⁽⁷⁾	24 Jurong Port Road Singapore 619097	Logistics and Warehousing	100	96,450	27.93
JURONG DISTRICT CENTRE	Leasehold	30+30	44 ⁽⁸⁾	3 Pioneer Sector 3 Singapore 628342	Logistics and Warehousing	100	49,600	14.36
ODC DISTRICT CENTRE	Leasehold	30+30	49 ⁽⁹⁾	30 Toh Guan Road Singapore 608840	Logistics and Warehousing	100	36,150	10.47
31 TUAS AVENUE 11	Leasehold	30+30	47 ⁽¹⁰⁾	31 Tuas Avenue 11 Singapore 639105	Logistics and Warehousing	100	9,100	2.63
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	48 ⁽¹¹⁾	25 Changi South Ave 2 Singapore 486594	Logistics and Warehousing	100	7,390	2.14
YCH DISTRI PARK	Leasehold	30+30	32 ⁽¹²⁾	30 Tuas Road Singapore 638492	Logistics and Warehousing	100	73,900	21.40
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	25 ⁽¹³⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth, Lok Yang Road Singapore 629701	Logistics and Warehousing	100	12,450	3.60
							285,040	82.53
Light Industrial Properties ⁽²⁾								
21 UBI ROAD 1	Leasehold	30+30	50 ⁽¹⁴⁾	21/23 Ubi Road 1 Singapore 408724/408725	Light Industrial	100	25,100	7.27
Balance carried forward							25,100	7.27

Investment Properties Portfolio Statement

As at 31 December 2006

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Occupancy rate at 31/12/2006 %	At	Percentage of total Net Assets
							Valuation at 31/12/2006 \$'000	Attributable to Unitholders at 31/12/2006 %
Light Industrial Properties ⁽²⁾								
Balance brought forward							25,100	7.27
136 JOO SENG ROAD	Leasehold	30+30	44 ⁽¹⁵⁾	136 Joo Seng Road Singapore 368360	Light Industrial	100	11,200	3.24
CSE GLOBAL BUILDING	Leasehold	60	52 ⁽¹⁶⁾	2 Ubi View Singapore 408556	Light Industrial	100	7,650	2.22
MI BUILDING	Leasehold	30+30	50 ⁽¹⁷⁾	11 Serangoon North Avenue 5 Singapore 554809	Light Industrial	100	14,785	4.28
OLIVINE BUILDING	Leasehold	30+30	45 ⁽¹⁸⁾	130 Joo Seng Road Singapore 368357	Light Industrial	100	12,250	3.55
PANASONIC BUILDING	Leasehold	99	55 ⁽¹⁹⁾	2 Jalan Kilang Barat Singapore 159346	Light Industrial	100	21,200	6.14
MEC TECHNOCENTRE	Leasehold	30+30	44 ⁽²⁰⁾	87 Defu Lane 10 Singapore 539219	Light Industrial	100	13,100	3.79
							105,285	30.49
Industrial and Warehousing Properties ⁽³⁾								
86/88 INTERNATIONAL ROAD	Leasehold	30+30	48 ⁽²¹⁾	86/88 International Road Singapore 629176/629177	Industrial and Warehousing	100	14,075	4.08
23 TUAS AVENUE 10	Leasehold	30+29	50 ⁽²²⁾	23 Tuas Avenue 10 Singapore 639149	Industrial and Warehousing	100	8,550	2.48
Balance carried forward							22,625	6.56

Investment Properties Portfolio Statement

As at 31 December 2006

Description of property	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Existing use	Occupancy rate at 31/12/2006 %	At Valuation at 31/12/2006 \$'000	Percentage of total Net Assets Attributable to Unitholders at 31/12/2006 %
Industrial and Warehousing Properties ⁽³⁾								
Balance brought forward							22,625	6.56
9 TUAS VIEW CRESCENT	Leasehold	30+30	52 ⁽²³⁾	9 Tuas View Crescent Singapore 637612	Industrial and Warehousing	100	5,725	1.66
27 PANDAN CRESCENT	Leasehold	30+30	48 ⁽²⁴⁾	27 Pandan Crescent Singapore 128476	Industrial and Warehousing	100	7,750	2.24
							36,100	10.46
Industrial Properties ⁽⁴⁾								
7 GUL LANE	Leasehold	30+30	34 ⁽²⁵⁾	7 Gul Lane Singapore 629406	Industrial	100	3,250	0.94
31 KIAN TECK WAY	Leasehold	30+19	36 ⁽²⁶⁾	31 Kian Teck Way Singapore 628751	Industrial	100	3,300	0.96
TECHPLAS INDUSTRIAL BUILDING	Leasehold	30+30	49 ⁽²⁷⁾	45 Changi South Ave 2 Singapore 486133	Industrial	100	8,775	2.54
2 TUAS SOUTH AVENUE 2	Leasehold	60	52 ⁽²⁸⁾	2 Tuas South Ave 2 Singapore 637601	Industrial	100	23,850	6.91
28 WOODLANDS LOOP	Leasehold	30+30	49 ⁽²⁹⁾	28 Woodlands Loop Singapore 738308	Industrial	100	13,650	3.95
STANDARD FORM BUILDING	Leasehold	30+30	48 ⁽³⁰⁾	37 Tampines Street 92 Singapore 528885	Industrial	100	11,580	3.35
16 TUAS AVENUE 18A	Leasehold	30+30	44 ⁽³¹⁾	16 Tuas Avenue 18A Singapore 638864	Industrial	100	2,620	0.76
							67,025	19.41

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

Investment Properties Portfolio Statement

As at 31 December 2006

Description of property	Tenure of land	Remaining		Location	Existing use	Occupancy rate at 31/12/2006 %	At Valuation at 31/12/2006 \$'000	Percentage of total Net Assets
		Term of lease (years)	term of lease (years)					Attributable to Unitholders at 31/12/2006 %
Self Storage and Warehousing Property ⁽⁵⁾								
160 KALLANG WAY	Leasehold	60	26 ⁽³²⁾	160 Kallang Way Singapore 349246	Self Storage and Warehousing	100	23,700	6.86
Car Showroom and Workshop Property ⁽⁶⁾								
23 LORONG 8 TOA PAYOH	Leasehold	30+30	45 ⁽³³⁾	23 Lorong 8 Toa Payoh Singapore 319257	Car Showroom and Workshop	100	13,850	4.01
Investment properties, at valuation							531,000	153.76
Net liabilities (excluding net assets attributable to Unitholders)							(185,646)	(53.76)
Net assets attributable to Unitholders							345,354	100.00

⁽¹⁾ These Properties are used by tenants for warehousing, distribution and logistics services including third party logistics and supply chain management.

⁽²⁾ These Properties are primarily used by tenants for light industrial activities including assembly and storage of electronics and computer peripherals, medical equipment as well as information technology and system integration.

⁽³⁾ These Properties are used by tenants for production and/or storage of cables, aluminium products, printed circuit boards and metals.

⁽⁴⁾ These Properties are primarily used by tenants for industrial activities including printing, precision engineering works, metal stamping, plastics injection and extrusion, and metal fabrication works.

⁽⁵⁾ This Property is used by the tenant to operate a self storage business.

⁽⁶⁾ This Property is used by the tenant as a car showroom and service workshop.

⁽⁷⁾ CIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.

⁽⁸⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.

⁽⁹⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.

⁽¹⁰⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.

⁽¹¹⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.

⁽¹²⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 July 1979.

⁽¹³⁾ CIT holds the remainder of a 30 year lease commencing from 16 December 2001.

⁽¹⁴⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.

⁽¹⁵⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.

⁽¹⁶⁾ CIT holds the remainder of a 60 year lease commencing from 4 January 1999.

⁽¹⁷⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.

⁽¹⁸⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.

⁽¹⁹⁾ CIT holds the remainder of a 99 year lease commencing from 1 July 1963.

⁽²⁰⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 November 1990.

⁽²¹⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.

⁽²²⁾ CIT holds the remainder of a 30+29 year lease commencing from 1 November 1997.

⁽²³⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.

⁽²⁴⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 May 1995.

⁽²⁵⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 May 1981.

⁽²⁶⁾ CIT holds the remainder of a 30+19 year lease commencing from 1 September 1993.

⁽²⁷⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.

⁽²⁸⁾ CIT holds the remainder of a 60 year lease commencing from 4 January 1999.

⁽²⁹⁾ CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.

⁽³⁰⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 September 1994.

⁽³¹⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 March 1991.

⁽³²⁾ CIT holds the remainder of a 60 year lease commencing from 16 February 1973.

⁽³³⁾ CIT holds the remainder of a 30+30 year lease commencing from 1 February 1992.

Investment Properties Portfolio Statement

As at 31 December 2006

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

Independent valuations of the investment properties (the "Properties") as at 31 December 2006 were undertaken by Chesterton International Property Consultants Pte Ltd ("Chesterton"). Chesterton is an independent valuer having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for the Properties were based on Capitalisation Method and Discounted Cash Flow Analysis. The net appreciation on revaluation of investment properties amounting to \$6.4 million has been recognised in the Statement of Total Return.

During the financial period, CIT acquired investment properties from the following related parties on terms agreed between the parties:

Vendor	Description of property
Corporate shareholder of the Manager	: CWT DISTRI PARK
Subsidiary of corporate shareholder of the Manager	: JURONG DISTRICT CENTRE

Cash Flow Statement

Period from 31 March 2006 (date of constitution) to 31 December 2006

	Period from 31/3/2006 to 31/12/2006 \$'000
Operating activities	
Total return after income tax before distribution	17,129
Adjustments for:	
Interest income	(183)
Fair value adjustment on financial derivative	312
Borrowing costs	3,721
Manager's management fee paid and payable in units	1,065
Net appreciation on revaluation of investment properties	(6,359)
Operating income before working capital changes	15,685
Changes in working capital:	
Trade and other receivables	(1,225)
Trade and other payables	881
Cash generated from operating activities	15,341
Investing activities	
Purchase of investment properties (including acquisition costs) (Note A)	(391,529)
Interest received	172
Cash flows from investing activities	(391,357)
Financing activities	
Proceeds from issue of new units	215,977
Issue costs paid	(15,328)
Proceeds from borrowings	202,900
Borrowing costs paid	(698)
Repayment of borrowings	(10,000)
Distributions paid to Unitholders	(5,145)
Cash flows from financing activities	387,706
Net increase in cash and cash equivalents	11,690
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	11,690

Cash Flow Statement

Period from 31 March 2006 (date of constitution) to 31 December 2006

Notes:

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

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

	Period from 31/3/2006 to 31/12/2006 \$'000
Investment properties	519,018
Acquisition related costs	5,623
Investment properties acquired (including acquisition related costs)	<u>524,641</u>
Purchase consideration paid in Units	(131,812)
Retention sums	<u>(1,300)</u>
Net cash outflow/Cash consideration paid	<u><u>391,529</u></u>

(B) Significant Non-Cash Transactions

During the financial period, there were the following significant non-cash transactions:

- (i) On 25 July 2006 (date of listing), CIT issued 193,841,142 Units at an issue price of \$0.68 per unit as partial settlement for the acquisition of the investment properties.
- (ii) On 10 November 2006, CIT issued 698,330 Units as payment for 92% of the base fee element of the Manager's management fees for the quarter ended 30 September 2006.

As at 31 December 2006, 840,893 Units are issuable as settlement for 92% of base fee element of the Manager's management fee for the quarter ended 31 December 2006.

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 12 February 2007.

1. General

Cambridge Industrial Trust ("CIT") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 entered into between Cambridge Industrial Trust Management Limited (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"), 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.

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

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

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

(A) Trustee's fees

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

(B) Manager's management fees

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

- (i) A base fee ("Base Fee") of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution of Meeting of Unitholders.
- (ii) A performance fee ("Performance Fee"), where the total return (comprising capital gains and accumulated distributions and assuming all distributions are reinvested in CIT) of the Units (expressed as the Trust Index) in any six-month period ending 30 June or 31 December ("Half-Year") exceeds the total return of a benchmark index (the "Benchmark Index"). The Performance Fee is calculated in two tiers as follows:
 - a Tier 1 Performance Fee equal to 5.0% of the amount by which the total return of the Trust Index exceeds the total return of the Benchmark Index, multiplied by the equity market capitalisation of CIT; and
 - a Tier 2 Performance Fee which is applicable only where the total return of the Trust Index is in excess of 2.0% per annum (1.0% for each Half Year) above the total return of the Benchmark Index. This tier of the fee is calculated at 15.0% of the amount by which the total return of the Trust Index is in excess of 2.0% per annum above the total return of the Benchmark Index, multiplied by the equity market capitalisation of CIT.

Notes to the Financial Statements

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

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

The Manager has elected to receive for the financial period ended 31 December 2006, and the financial year ending 31 December 2007, at least 92.0% and 97.0%, respectively, of the Base Fee in respect of the initial listing portfolio of properties (“Properties”) in the form of Units, with the remainder of the Base Fee in cash. Subsequent to 31 December 2007, the Manager may elect to receive the Base Fee in respect of the Properties in cash or Units or a combination of cash and Units.

The Manager has opted to receive, from the Listing Date up to 31 December 2006, 100.0% of the Performance Fee (if any) in the form of Units. The Manager may opt to receive the Performance Fee (if any) in cash or Units or a combination of cash and Units after 31 December 2006 having regard to the cash flow of CIT.

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

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

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

(C) Manager’s acquisition and disposal fees

The Manager is also entitled to receive the following fees:

- (i) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
 - (a) the purchase price, excluding GST, of any real estate acquired, whether directly by CIT or indirectly through a special purpose vehicle;
 - (b) the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT’S interest in such real estate) where CIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:

Notes to the Financial Statements

- CIT shall hold or invest in at least 50.0% of the equity of such entity; or
 - if CIT holds or invests in 30.0% or more but less than 50.0% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity;
- (c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the proviso in paragraph (b) is complied with; and
- (d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (ii) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
- (a) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(i)(a) above for the acquisition fee;
 - (b) in relation to an investment of the type referred to in paragraph (C)(i)(b) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT'S interest in such real estate);
 - (c) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(i)(c) above for the acquisition fee; and
 - (d) the value of an investment referred to in paragraph (C)(i)(d) above for the acquisition fee.

The Manager can opt to receive acquisition and disposal fees in the form of cash or Units or a combination as it may determine. No such election has been made by the Manager to-date.

(D) Property Manager's fees

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

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

Notes to the Financial Statements

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

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

2. Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements which are expressed in Singapore dollars and rounded to the nearest thousand, have been prepared on the historical cost basis, except for investment properties and certain financial liabilities, which are stated at fair value. The functional currency of CIT is Singapore dollars. All revenue, expenses, receipts and payments are denominated primarily in Singapore dollars.

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Financial Statements

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

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

- Note 5 – valuation of investment properties
- Note 18 – valuation of financial instruments

2.2 Investment properties

Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition, and at valuation thereafter. 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 appreciation or depreciation on revaluation of investment properties.

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

When an investment property is disposed off, 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. For taxation purposes, CIT may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

2.3 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

2.5 Impairment

The carrying amounts of CIT's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date.

Notes to the Financial Statements

An impairment loss is recognised in the Statement of Total Return whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation decrease on the basis set out in Note 2.2.

2.6 Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the obligations on an effective interest basis.

2.7 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the borrowings on an effective interest basis.

2.8 Net Assets Attributable to Unitholders

Net Assets Attributable to Unitholders represents the Unitholders' residual interest in CIT's net assets upon termination.

Expenses incurred in connection with the initial public offering of CIT and listing on the SGX-ST are deducted directly against Net Assets Attributable to Unitholders.

2.9 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Total Return.

2.10 Issue expenses

Issue expenses represent expenses incurred in connection with the initial public offering and issue of Units. The expenses are deducted directly against Net Assets Attributable to Unitholders.

2.11 Revenue recognition

- (i) Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised on a straight-line basis over the term of the lease.

- (ii) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

2.12 Expenses

(i) Property expenses

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

(ii) Manager's management fees

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

(iii) Trust expenses

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

(iv) Borrowing costs

Interest expense and similar charges are recognised in the period in which they are incurred using the effective interest rate method.

2.13 Taxation

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of CIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of CIT. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 20.0%) from the distributions made to Unitholders that are made out of the taxable income of CIT, except:

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

Notes to the Financial Statements

- (ii) where the beneficial owners are foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced tax of 10.0% for distributions made during the period from 18 February 2005 to 17 February 2010.

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 and industry association); or
- A Singapore branch of a foreign company which has been presented a letter of approval from IRAS granting waiver from tax deducted at source in respect of distributions from CIT.

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

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

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

2.14 Segment reporting

A segment is a distinguishable component of the Trust that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 Trade and Other Receivables

	2006
	\$'000
Trade receivables	646
Option fees paid	250
Prepayments	206
Other receivables	134
	<u>1,236</u>

Option fees paid are in respect of proposed acquisition of properties disclosed in Note 16(c).

Notes to the Financial Statements

4 Cash and Cash Equivalents

	2006
	\$'000
Cash at bank and in hand	8,674
Fixed deposits with financial institutions	3,016
	<u>11,690</u>

5 Investment Properties

	2006
	\$'000
At beginning of the period	–
Acquisition of investment properties	519,018
Acquisition related costs	5,623
	<u>524,641</u>
Net appreciation on revaluation during the period	6,359
At end of the period	<u>531,000</u>

The investment properties are mortgaged as security to secure bank loan (Note 7).

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market condition.

6 Trade and Other Payables

	2006
	\$'000
Trade payables and accrued operating expenses	795
Amounts due to related parties:	
- the Manager (trade)	80
- the Property Manager (trade)	108
- the Trustee (trade)	26
Interest payable	3,073
Fair value adjustment on financial derivative	312
Other payables	1,328
	<u>5,722</u>

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

Included in other payables are retention sums on acquisition of certain investment properties amounting to approximately \$1.3 million.

Notes to the Financial Statements

7 Interest-Bearing Borrowings

	2006
	\$'000
Bank loan maturing within 1 year	192,900
Unamortised loan transaction costs	(50)
	<u>192,850</u>

CIT has in place a secured bridge loan facility of \$400.0 million and an interest rate swap agreement (the "Facilities"). The Facilities are secured on the following:

- (i) all the assets of CIT including the investment properties, and the rights, titles and interests in leases, insurances and rental proceeds relating to the investment properties, and rights and interests under the Property Management Agreement entered into between the Trustee and the Property Manager; and
- (ii) any new assets acquired by CIT, and the rights and interests of CIT in certain contracts.

As at 31 December 2006, an amount of \$192.9 million is outstanding under the bridge loan facility. Interest on the bridge loan facility is based on one to three-month Singapore dollar swap offer rate plus a margin.

A 12-month interest rate swap was entered into on 25 July 2006 to provide fixed rate funding for \$183.0 million (or 94.9% of outstanding borrowing as of 31 December 2006) at an interest rate of 3.835% per annum. The fair value of this swap amounting to \$0.3 million is included in other payables as at 31 December 2006. In accordance with Financial Reporting Standard 39 "Financial Instruments: Recognition and Measurement", fair value adjustment on interest rate swap is recognised in the Statement of Total Return. In determining the distribution to Unitholders, this adjustment is added back as non-tax deductible expenses.

8 Units in Issue

	2006
	Number of units
Units in issue:	
At 31 March 2006 (date of constitution)	—
Units created:	
- Units issued as partial settlement for the acquisition of investment properties	193,841,142
- Private placement and initial public offering	317,613,412
- Management fees paid in units (base fee)	698,330
At 31 December 2006	<u>512,152,884</u>
Units to be issued:	
- Management fees payable in units (base fee)	840,893
Total issued and issuable units at 31 December 2006	<u><u>512,993,777</u></u>

On 25 July 2006 (date of listing), CIT issued 497,068,554 Units at an issue price of \$0.68 per unit. It issued an additional 14,386,000 Units at an issue price of \$0.68 per unit upon exercise of the over-allotment option on 23 August 2006.

On 10 November 2006, CIT issued 698,330 Units at \$0.6422 per unit as payment for 92% of the base fee element of the Manager's management fees for the quarter ended 30 September 2006.

Notes to the Financial Statements

At 31 December 2006, 840,893 Units are issuable as settlement for 92% of the base fee element of the Manager's management fees for the quarter ended 31 December 2006.

The issue price for determining the number of Units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter-end.

9 Gross Revenue

	Period from 31/3/2006 to 31/12/2006 \$'000
Property rental income	18,813

10 Property Expenses

	Period from 31/3/2006 to 31/12/2006 \$'000
Land rents	882
Property and lease management fees	564
Property tax	858
Other operating expenses	188
	<u>2,492</u>

11 Manager's Management Fees

	Period from 31/3/2006 to 31/12/2006 \$'000
Manager's management fees (base fees):	
- Paid and payable in cash	93
- Paid and payable in units	1,065
	<u>1,158</u>

For the current financial period, the Manager is not entitled to performance fee.

12 Trust Expenses

	Period from 31/3/2006 to 31/12/2006 \$'000
Auditors' remuneration	75
Trustee's fees	46
Professional fees	107
Other expenses	315
	<u>543</u>

Notes to the Financial Statements

13 Income Tax Expense

**Period from
31/3/2006 to
31/12/2006
\$'000**

Reconciliation of effective tax rate

Total return for the period before income tax	17,129
Income tax using Singapore tax rate of 20%	3,425
Income not subject to tax	(1,272)
Non-tax deductible items	335
Tax transparency	(2,488)
	—

14 Earnings Per Unit

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

**Period from
31/3/2006 to
31/12/2006
\$'000**

Net income before tax	10,770
Less: Income tax attributable to net income	—
Net income after tax	10,770

**Number of
Units**

Weighted average number of units:	
- Outstanding during the period	—
Creation of new units:	
- Units issued as partial settlement for the acquisition of investment properties	193,841,142
- Private placement and initial public offering	315,005,950
- Manager's management fees paid and payable in units (base fee)	411,159
	509,258,251

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

Notes to the Financial Statements

15 Issue Costs

	Period from 31/3/2006 to 31/12/2006 \$'000
Professional fees	7,166
Underwriting and selling commissions	7,204
Miscellaneous issue costs	1,114
	<u>15,484</u>

These expenses are deducted directly against Net Assets Attributable to Unitholders. Included in issue costs are non-audit fees paid and payable to the auditors of CIT amounting to \$325,000 for acting as independent reporting accountants for the listing of CIT and agreed upon procedures carried out on financial information included in the listing prospectus of CIT.

16 Commitments

(a) Lease commitments

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

	2006 \$'000
Receivable:	
- Within 1 year	43,200
- After 1 year but within 5 years	181,930
- After 5 years	118,172
	<u>343,302</u>

(b) Operating lease commitments

CIT is required to pay annual land rent to Jurong Town Corporation ("JTC") and Housing & Development Board ("HDB") for 15 properties. Land rents for the remaining Properties are either not applicable as the upfront land premium has already been paid by the vendors or borne by the tenants of these properties.

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 for the current financial period from 25 July 2006 to 31 December 2006 amounted to \$882,000.

Notes to the Financial Statements

(c) Capital Commitment

In December 2006, the Trustee entered into conditional put and call options for the acquisition of the following properties:

Property	Vendor	Acquisition value \$'000
361 Ubi Road 3, Singapore 408664	Armorcoat International Pte Ltd	18,000
97 Strata lots of 63 Hillview Avenue, Lam Soon Industrial Building Singapore 669569	Lam Soon Realty Pte Ltd	72,200
		<u>90,200</u>

Option fees paid for the proposed acquisition of these properties are disclosed in Note 3.

17 Significant Related Party Transactions

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

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

	2006 \$'000
The Manager	
Acquisition fee paid relating to the purchase of investment properties	5,190
Immediate and ultimate holding company of the Manager	
Real estate investment consulting fee paid included in issue costs	2,250
Corporate shareholder of the Manager	
Purchase of investment property	96,000
Property rental income	3,291
Subsidiary of corporate shareholder of the Manager	
Purchase of investment property	49,000
Property rental income	1,528
Associate of immediate and ultimate holding company of the Manager	
Property Manager's fees paid and payable	564
The Trustee	
Trustee fees paid and payable	46

Notes to the Financial Statements

18 Financial Instruments

Exposure to credit, currency, interest rate and liquidity risks arises in the normal course of CIT's business. CIT has written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.

Credit risk

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

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

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

Interest rate risk

CIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and 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 Manager adopts a policy of fixing the interest rates for a portion of its outstanding borrowings.

CIT has entered into an interest rate swap of notional amount of \$183.0 million which is used as an economic hedge against a portion of CIT's exposure to interest rate risk arising from floating interest rates payable on its bank borrowings. The swap matures on 25 July 2007.

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 2006 and the periods at which they reprice.

	Effective interest rate as at 31/12/2006 %	Floating interest \$'000	Fixed interest rate maturing within 1 year \$'000	Total \$'000
2006				
Financial asset				
Fixed deposits with financial institutions	3.290	–	3,016	3,016
Financial liabilities				
Interest-bearing borrowings	3.800	192,900	–	192,900
- Effect of interest rate swap	3.835	(183,000)	183,000	–
		9,900	183,000	192,900

Notes to the Financial Statements

Currency risk

The Manager's investment strategy includes investing in Asia. In order to manage the currency risk involved in investing in assets outside of Singapore, the Manager will adopt currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;
- the use of foreign exchange derivatives to hedge the foreign currency income received from the offshore assets back into Singapore dollars; and
- the use of cross currency swaps to swap a portion of any Singapore dollar denominated debt into foreign currency to increase the matching of foreign currency denominated debt against the foreign currency equity investment, thereby reducing the underlying currency exposure.

Liquidity risk

The Manager monitors the liquidity risk of CIT and maintains a level of cash and cash equivalents deemed adequate by management to finance CIT's operations. In addition, the Manager monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

Fair values

Financial instruments have been measured at fair value using valuation techniques that are supported by observable market prices or rates at the balance sheet date.

The carrying amounts of the financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months of the balance sheet date) are assumed to approximate their fair values.

Interest rate swap of notional amount of \$183.0 million has been entered into by CIT to provide fixed rate funding from 25 July 2006 to 25 July 2007.

Fair value of the interest rate swap at 31 December 2006 is determined based on advice from the Swap counterparty, ABN AMRO Bank N.V.. The Manager believes that ABN AMRO Bank N.V. have the appropriate professional qualifications and expertise to determine the fair value of the interest rate swap. The fair value of the interest rate swap amounted to \$312,000 as at 31 December 2006 is included in Other Payables and represents 0.1% of net assets of CIT. In accordance with the accounting treatment set out in Financial Reporting Standard 39 "Financial Instruments: Recognition and Measurement", fair value changes relating to the interest rate swap is recognised in the Statement of Total Return.

19 Segment Reporting

No business segment information has been prepared as the Manager is of the view that all properties are used mainly for industrial (including warehousing) purposes.

No geographical segment information has been prepared as all the properties are located in Singapore.

Notes to the Financial Statements

20 Subsequent Events

The following events occurred subsequent to 31 December 2006:

- a) On 8 January 2007, the Trustee entered into a conditional put and call option for the acquisition of the following property:

Property	Vendor	Acquisition value \$'000
55 Ubi Avenue 3, Singapore 408864	Mintwell Industry Pte Ltd	18,800

- b) On 29 January 2007, CIT issued 840,893 Units at an issue price of \$0.7338 per unit as payment for 92% of the base fee element of the Manager's management fee for the quarter ended 31 December 2006.

- c) On 8 February 2007, the Trustee in its capacity as trustee of CIT, entered into a facility agreement (the "Facility Agreement") with Orchid Funding (Singapore) Limited (as the "TL Lender"), ABN AMRO Bank N.V., Singapore Branch (as the "Arranger", "OD Lender" and "Agent") and HSBC Institutional Trust Services (Singapore) Limited (as the "Security Trustee") to raise financing of up to \$400 million for the purpose of refinancing the existing bridge loan.

The Facility Agreement comprises:

- (i) A revolving term loan facility (the "TL Facility") of up to an aggregate of \$390 million, from Orchid Funding (Singapore) Limited ("OFS"); and
- (ii) A bank overdraft facility (the "OD Facility") of up to an aggregate of \$10 million from ABN AMRO Bank N.V., Singapore Branch.

The TL Facility and the OD Facility have a tenor of two years, with an option to extend for a further period of two years with the consent of the Arranger.

The TL Facility is funded from proceeds received from the issuance of Variable Funding Note ("VFN") issued by Orchid Funding (Singapore) Limited to Orchid Asset Securitisation Investment Services ("OASIS"). As security for the VFN, OFS has charged in favour of OASIS all rights of OFS under or in connection with the TL Facility.

OASIS is in turn funded by the notes issued to Orchid Funding Corporation ("OFC"). OFC funds itself in the US Asset-Backed Commercial Paper ("ABCP") market by issuing commercial paper to investors. OASIS has charged all its rights under or in connection with the VFN to secure monies due under such notes to OFC.

Each of OFS, OASIS and OFC is a special purpose vehicle administered by ABN AMRO Bank N.V..

Notes to the Financial Statements

As security for payments in connection with the above facilities, the investment properties (Note 5) are mortgaged and the rights, title and interests of CIT in the property management agreement, insurances, leases and rental proceeds in relation to the investment properties have been assigned and charged in favour of the Security Trustee which holds such mortgaged properties, and such assigned rights, title and interests, for the benefit of the TL Lender, the OD Lender, the Agent, the Security Trustee and ABN AMRO Bank N.V., Singapore Branch as the interest rate swap provider. Security will also be created over various properties and assets acquired by CIT in the future if they are funded by the TL Facility and the OD Facility.

Interest payable on the TL Facility is calculated based on Singapore dollar swap offer rate plus a margin, while interest payable on the OD Facility is calculated based on the prevailing prime lending rate of ABN AMRO Bank N.V., Singapore Branch.

As at 12 February 2007, CIT has not drawn down on the TL Facility and the OD Facility.

21 Comparative Figures

No comparative figures have been presented as this is the first set of financial statements prepared by CIT since the date of its constitution.

22 Financial ratios

	2006 %
Expenses to weighted average net assets ¹	
- Expense ratio excluding performance - related fee	1.17
- Expense ratio including performance - related fee	1.17
Portfolio turnover rate ²	—

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

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

Additional Information

Related party transactions

The transactions entered into with related parties during the financial period and fall within the Listing Manual of the SGX-ST and the Property Funds Guidelines under the code on Collective Investment Schemes are:

Name of related party	Aggregate value of all related party transactions during the financial period under review (excluding transactions of less than \$100,000 each)
	\$'000
Cambridge Industrial Trust Management Limited	
Acquisition fee paid relating to the purchase of investment properties	5,190
Management fee (base fee) payable in cash and units	1,158
Cambridge Real Estate Investment Management Pte Ltd	
Real estate investment consulting fee paid included in issue costs	2,250
CWT Limited	
Purchase of investment property	96,000
Property rental income	3,291
Jurong Districentre Pte Ltd	
Purchase of investment property	49,000
Property rental income	1,528
Cambridge Industrial Property Management Pte Ltd	
Property Manager's fees paid and payable	564

Except as disclosed above, there were no additional related party transactions (excluding transactions of less than \$100,000 each) entered into up to and including 31 December 2006.

Please also see Significant Related Party Transactions in Note 17 to the financial statements.

Rule 905 and 906 of the Listing Manual of the SGX-ST are not applicable if such related party transactions are made on the basis of, and in accordance with, the terms and conditions set out in the IPO Prospectus. All of the amounts shown above were on such terms and conditions and therefore do not require Audit Committee review or approval.

Subscription of CIT units

For the financial period ended 31 December 2006, an aggregate of 512,152,884 units were issued and subscribed for.

Statistic of Unitholdings

As at 1 March 2007

Issued and Fully Paid-up Units

512,993,777 units (voting rights: one vote per Unit)

Market Capitalisation \$407,830,053 (based on closing price of \$0.795 as at 1 March 2007)

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 999	4	0.12	1,800	0.00
1,000 - 10,000	2,618	79.14	8,744,940	1.70
10,001 - 1,000,000	657	19.86	35,472,295	6.92
1,000,001 and above	29	0.88	468,774,742	91.38
Total	3,308	100.00	512,993,777	100.00

Based on the information made available to the Manager as at 1 March 2007, approximately 65% of the Units are held in the public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	DBSN SERVICES PTE LTD	70,407,400	13.73
2	DBS NOMINEES PTE LTD	45,853,225	8.94
3	YCH GROUP PTE LTD	42,941,177	8.37
4	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	42,856,318	8.35
5	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	38,379,000	7.48
6	HSBC (SINGAPORE) NOMINEES PTE LTD	32,408,500	6.32
7	CWT LIMITED	29,411,765	5.73
8	RAFFLES NOMINEES PTE LTD	25,338,000	4.94
9	JURONG DISTRICENTRE PTE LTD	22,058,824	4.30
10	MITSUI & CO., LTD	19,118,412	3.73
11	CITIBANK NOMINEES SINGAPORE PTE LTD	16,668,970	3.25
12	CLSA SINGAPORE PTE LTD	14,812,000	2.89
13	BRILLIANT MANUFACTURING LIMITED	14,255,883	2.78
14	S C MERAH PTE LTD	7,352,942	1.43
15	CHEMPARK PTE LTD	7,302,353	1.42
16	ODC LOGISTICS (S) PTE LTD	7,252,942	1.41
17	STORHUB SELF STORAGE PTE LTD	6,031,530	1.18
18	THE EXCALIBUR CORPORATION PTE LTD	3,842,551	0.75
19	ROYAL BANK OF CANADA (ASIA) LTD	3,375,000	0.66
20	WONG SAM NGIAN ENGINEERING (PTE) LTD	2,941,177	0.57
		452,607,969	88.23

Substantial Unitholders

As at 1 March 2007

Unitholders	No. of Units	
	Direct Interest	Deemed Interest
YCH Group Pte Ltd	42,941,177	-
The Capital Group Companies, Inc. (see note a)	-	29,893,000
Koh Soe Khon (see note b)	1,500,000	24,902,943
CWT Limited (see note c)	29,411,765	22,058,824

Notes:

- (a) The Capital Group Companies, Inc is deemed to be interested in 29,893,000 units held by Raffles Nominees Pte Ltd.
- (b) Koh Soe Khon is deemed interested in (i) 19,255,883 units, direct or indirect, held by Brilliant Manufacturing Limited; (ii) 2,823,530 units, direct or indirect, held by BG Casting Private Ltd; and (iii) 2,823,530 units, direct or indirect, held by Brilliant Magnesium Pte Ltd.
- (c) CWT Limited is deemed interested in 22,058,824 units, direct or indirect, held by Jurong Districentre Pte Ltd.

Unitholdings of the Directors of the Manager

As at 21 January 2007

Name of Directors	No. of Units	
	Direct Interest	Deemed Interest
Dr Tan Seng Chin, Finian (see note i)	-	8,908,000
Ang Poh Seong	295,000	-
Chan Wang Kin	25,000	-
Tetsuya Karasawa	-	-
Dr Chi Chien Chuen, Jeffrey	-	-
Liao Chung Lik (see note ii)	500,000	80,000
Takayuki Kawashima	-	-
Ravindran s/o Ramasamy	-	-
Ong Seow Eng	30,000	-
Tan Ming Kirk, Richard	-	-

Notes:

- (i) Dr Tan Seng Chin, Finian is deemed interested in 8,907,000 units held by UOB Nominees (Private) Limited and 1,000 units, direct or indirect, held by spouse.
- (ii) Liao Chung Lik is deemed interested in 80,000 units, direct or indirect, held by his spouse.

Glossary

Benchmark Index	Provided by FTSE. Comprises all the REITs contained in the FTSE Allcap Singapore Universe (as defined in the Initial Public Offering prospectus)
CDP	The Central Depository (Pte) Ltd
CIS	The Code of Collective Investment Schemes issued by the Monetary Authority of Singapore
CIT	Cambridge Industrial Trust
CITM	Cambridge Industrial Trust Management Limited
CREIM	Cambridge Real Estate Investment Management Pte Ltd
CWT	CWT Limited
DPU	Distribution Per Unit
EDB	Economic Development Board
EIU	Economic Intelligence Unit
Exco	Executive Committee
FY2006	The financial period from 25 July 2006 to 31 December 2006
GDP	Gross Domestic Product
Interested Party	As defined under Appendix 2 of the CIS Code
Interested Person	As defined in the Listing Manual under Rule 904(4)
JTC	Jurong Town Council
Listing Manual	The Listing Manual of the SGX-ST
Manager	Cambridge Industrial Trust Management Limited
MAS	The Monetary Authority of Singapore
Mitsui	Mitsui & Co., Ltd
MOU(s)	Memorandum of Understanding agreement(s)
Property Funds Guidelines	The investment guidelines and borrowing limits for REITs issued by the Monetary Authority of Singapore under Appendix 2 of the CIS Code
Property Manager	Cambridge Industrial Property Management Pte Ltd
REIT(s)	Real Estate Investment Trust(s)
Related Party Transactions	Refers to transactions made between the Trustee (as trustee of CIT) or the Manager with an "interested person" (as defined in the Listing Manual) and/or, as the case may be, an "interested party" (as defined in the Property Funds Guidelines)
SFA	Securities and Futures Act
SGXNET	The internet-based submission system of SGX-ST that allows users to submit corporate announcements securely to the market.
SGX-ST	Singapore Exchange Securities Trading Limited
sq ft	Square feet
sq m	Square metres
STI	Straits Times Index
Trust Deed	The Trust Deed dated 31 March 2006 entered into between the Trustee and the Manager constituting CIT
Trustee	RBC Dexia Trust Services Singapore Limited (formerly known as Dexia Trust Services Singapore Limited)
Unit	An undivided interest in CIT as provided for in the Trust Deed
Unitholder(s)	The registered holder of a CIT Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
URA	Urban Redevelopment Authority

CAMBRIDGE INDUSTRIAL TRUST

61 ROBINSON ROAD
#12-01 ROBINSON CENTRE
SINGAPORE 068893

TEL : (65) 6222 3339

FAX : (65) 6827 9339

EMAIL : ENQUIRY@CAMBRIDGEITM.COM

WEBSITE : WWW.CAMBRIDGEINDUSTRIALTRUST.COM