

CIRCULAR DATED 22 APRIL 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular dated 22 April 2015 (the "Circular"). This document is important. You are advised to read the information in this Circular, including the IFA Letter (as defined herein) set out in Appendix C and the advice of the IFA (as defined herein), carefully. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Cambridge Industrial Trust ("CIT", and the units in CIT, the "Units"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form (as defined herein) in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.



(a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

MANAGED BY

CAMBRIDGE INDUSTRIAL TRUST MANAGEMENT LIMITED

(Company Registration No.: 200512804G, Capital Markets Services Licence No.: CMS 100132-2)

**CIRCULAR TO UNITHOLDERS
IN RELATION TO:**

- (1) THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT TO THE TRUST DEED AS AN INTERESTED PERSON TRANSACTION.**

Independent Financial Adviser to the Independent Directors and Audit, Risk Management and Compliance Committee of Cambridge Industrial Trust Management Limited:

Deloitte & Touche Corporate Finance Pte Ltd

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	Sunday, 17 May 2015 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	Tuesday, 19 May 2015 at 10.00 a.m.
Place of Extraordinary General Meeting	:	STI Auditorium Level 9 168 Robinson Road Capital Tower Singapore 068912

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	ii
INDICATIVE TIMETABLE	iii
LETTER TO UNITHOLDERS	
1. Summary of Approvals Sought	1
2. The Proposed Performance Fee Supplement to the Trust Deed and its Rationale . .	2
3. The Proposed Performance Fee Unit Pricing Supplement to the Trust Deed and its Rationale	10
4. Interests of Directors, Substantial Unitholders and the Manager and its Associates	12
5. Recommendations	13
6. Extraordinary General Meeting	14
7. Abstentions from Voting	14
8. Action to be taken by Unitholders	15
9. Directors' Responsibility Statement	15
10. Consent	15
11. Documents on Display	16
IMPORTANT NOTICE	17
GLOSSARY	18
APPENDICES	
Appendix A Proposed Performance Fee Supplement to the Trust Deed	A-1
Appendix B Proposed Performance Fee Unit Pricing Supplement to the Trust Deed . .	B-1
Appendix C Independent Financial Adviser's Letter	C-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	D-1
PROXY FORM	

CORPORATE INFORMATION

Directors of Cambridge Industrial Trust Management Limited (the manager of CIT (the “Manager”))	:	Dr Chua Yong Hai (Independent Chairman) Mr Ooi Eng Peng (Independent Director, Chairman of Audit, Risk Management and Compliance Committee) Mr Tan Guong Ching (Independent Director, Member of Audit, Risk Management and Compliance Committee) Mr Philip Henry Lewis Levinson (Chief Executive Officer and Executive Director) Mr Ian Andrew Smith (Non-Executive Director) Mr Michael Patrick Dwyer (Non-Executive Director, Member of Audit, Risk Management and Compliance Committee) Mr Akihiro Noguchi (Non-Executive Director) Mr David Ian MacGregor (Non-Executive Director) Mr Victor Ong Wei Tak (Alternate Director to Mr Michael Patrick Dwyer)
Registered Office of the Manager	:	61 Robinson Road #12-01 Robinson Centre Singapore 068893
Trustee of CIT (the “Trustee”)	:	RBC Investor Services Trust Singapore Limited, in its capacity as trustee of CIT 77 Robinson Road #18-00 Singapore 068896
Legal Adviser to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	Lee & Lee 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and Audit, Risk Management and Compliance Committee of the Manager (the “IFA”)	:	Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
Unit Registrar and Unit Transfer Office	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place pursuant to the matter set out in the Notice of Extraordinary General Meeting is indicative only and is subject to change at the Manager's absolute discretion. The Manager will announce any changes (including any determination of the relevant dates) to the timetable below on SGXNET once the Manager becomes aware of such changes.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: Sunday, 17 May 2015 at 10.00 a.m.
Date and time of the Extraordinary General Meeting	: Tuesday, 19 May 2015 at 10.00 a.m.

CAMBRIDGE INDUSTRIAL TRUST

(a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

Directors of the Manager:

Dr Chua Yong Hai (Independent Chairman)
Mr Ooi Eng Peng (Independent Director, Chairman of Audit, Risk Management and Compliance Committee)
Mr Tan Guong Ching (Independent Director, Member of Audit, Risk Management and Compliance Committee)
Mr Philip Henry Lewis Levinson (Chief Executive Officer and Executive Director)
Mr Ian Andrew Smith (Non-Executive Director)
Mr Michael Patrick Dwyer (Non-Executive Director, Member of Audit, Risk Management and Compliance Committee)
Mr Akihiro Noguchi (Non-Executive Director)
Mr David Ian MacGregor (Non-Executive Director)
Mr Victor Ong Wei Tak (Alternate Director to Mr Michael Patrick Dwyer)

Registered Office:

61 Robinson Road
#12-01
Robinson Centre
Singapore 068893

22 April 2015

To: Unitholders of Cambridge Industrial Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

Cambridge Industrial Trust Management Limited, in its capacity as manager of Cambridge Industrial Trust (“**CIT**”, and as manager of CIT, the “**Manager**”), is seeking approval from holders of units in CIT (“**Units**”, and the holders of Units, “**Unitholders**”) for each of the following resolutions, which shall be proposed as Extraordinary Resolutions¹ at an extraordinary general meeting to be held at STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Tuesday, 19 May 2015 at 10.00 a.m. (the “**Extraordinary General Meeting**”):

Resolution 1: the proposed Performance Fee Supplement to the Trust Deed; and

Resolution 2: the proposed Performance Fee Unit Pricing Supplement to the Trust Deed.

Subject to approval from Unitholders in respect of the resolutions set out in the Notice of the Extraordinary General Meeting, the Manager intends to enter into a supplemental deed of trust with RBC Investor Services Trust Singapore Limited, in its capacity as trustee of CIT (the “**Trustee**”), to amend the Trust Deed with the Performance Fee Supplement (Resolution 1) and the Performance Fee Unit Pricing Supplement (Resolution 2) in the manner set out in **Appendix A** and **Appendix B** of this Circular respectively.

1 “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 31 March 2006 constituting CIT (as amended) (the “**Trust Deed**”).

Unitholders should note that Resolution 1 and Resolution 2 are **not** inter-conditional upon each other. In the event that there is only one Resolution which is passed, the Manager will continue to proceed with that Resolution and will not proceed with the Resolution which is not passed.

2. THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED AND ITS RATIONALE

2.1. The Performance Fee Supplement to the Trust Deed

The Manager proposes to amend the Trust Deed so that a performance fee (the “**Performance Fee**”) will be payable when there is a growth in distribution per Unit (“**DPU**”) compared to the High DPU Threshold (as defined herein) as opposed to the existing Performance Fee formula where a Performance Fee is earned if the total return (combining both capital performance of a Unit and its reinvested income) of the Trust Index¹ outperforms the total return of the Benchmark Index². Solely for purposes of calculating the DPU under the revised Performance Fee formula, the DPU will be calculated based on the assumption that 100% of CIT’s operating income is distributed for the financial year as opposed to the actual DPU distributed for the relevant financial year³. (Please refer to paragraph 2.2.2(d) for further details.)

In connection with the foregoing, and subject to the approval of Unitholders at the Extraordinary General Meeting, the Manager proposes to amend the Trust Deed in the form of a supplemental deed of trust for the following purposes:

- (i) amending the Performance Fee to a rate of 25.0% of the growth in DPU for a financial year when compared with the then highest DPU achieved by CIT in the previous years for which a Performance Fee was payable under the revised fee formula (the “**High DPU Threshold**”) multiplied by the weighted average number of Units in issue for such financial year;
- (ii) for the purpose of the calculation of the first Performance Fee payable under the revised Performance Fee formula, the High DPU Threshold will be initially set at 5.357 Singapore cents⁴, being the then highest DPU paid since 2009 (or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU);
- (iii) in the event of corporate actions such as Unit consolidations and Unit splits undertaken by CIT, the High DPU Threshold will be adjusted accordingly to take into account such corporate actions;

1 “**Trust Index**” means the performance tracking index for CIT, as calculated by FTSE International Limited or another index provider with similar capabilities, as appointed by the Manager, in consultation with the Trustee, for calculating the Benchmark Index (as defined herein).

2 “**Benchmark Index**” means (a) a performance tracking index comprising all of the real estate investment trusts contained in the FTSE AllCap Singapore universe (but excluding CIT) provided by FTSE International Limited or another index provider with similar capabilities; or (b) such other index as may be chosen in accordance with the provisions of the Trust Deed.

3 Unitholders should note that although it is the Manager’s intention to distribute 100% of CIT’s operating income for each financial year, actual distributions to Unitholders may be less than 100% of CIT’s operating income for the relevant financial year. The assumption used for calculation of the DPU for purposes of the revised Performance Fee formula should in no way be construed as a representation or commitment by the Manager that it will distribute 100% of CIT’s operating income for each financial year.

4 5.357 Singapore cents was the actual DPU paid to Unitholders for the financial year ending 31 December 2009 (“**FY2009**”). 100.0% of the operating income of CIT for FY2009 was distributed.

- (iv) for the Performance Fee to be determined and paid after each financial year (as opposed to the existing Performance Fee formula where the Performance Fee is determined and paid on a half-yearly basis); and
- (v) waiver of the Manager's entitlement to Performance Fees for the financial years ending 31 December 2015 ("**FY2015**") and 31 December 2016 ("**FY2016**") and the Performance Fee waiver, the "**Performance Fee Waiver**").

The first Performance Fee under the revised Performance Fee formula will only be payable after the expiry of the Performance Fee Waiver period (i.e. from 1 January 2017 onwards) and provided that CIT achieves a DPU exceeding the High DPU Threshold (which will be initially set at 5.357 Singapore cents¹, being the then highest DPU paid since 2009, or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU). Subsequently, the High DPU Threshold will be the then highest DPU achieved by CIT in the previous years for which a Performance Fee was payable under the revised fee formula (i.e. the DPU for the relevant financial year in which a Performance Fee was last paid under the revised Performance Fee formula).

For the avoidance of doubt, the subsequent Performance Fees for any financial year will only be payable based on the revised Performance Fee formula provided that CIT achieves a DPU exceeding the High DPU Threshold.

The Excess Performance Entitlement (as defined in the Trust Deed) of approximately S\$7.67 million which has accrued to the Manager pursuant to the existing Performance Fee Formula as at 31 March 2015 remains payable to the Manager and will be paid in the months of July 2015, January 2016, July 2016 and January 2017 and such payment will remain subject to the annual fee cap on the maximum fees to be paid to the Manager in respect of any financial year of an amount equal to 0.8% per annum of the value of the Deposited Property at the end of the financial year. The Manager estimates that such accrued Excess Performance Entitlement will be fully paid by 31 January 2017 and the Manager has elected to receive such payments in cash.

Details of the proposed changes in the Performance Fee Supplement are set out in paragraph 2.2 below.

2.2. Rationale and Purpose

2.2.1 Existing Performance Fee formula

The Manager currently earns a Performance Fee if the total return (combining both capital performance of a Unit and its reinvested income) of the Trust Index outperforms the total return of the Benchmark Index, which currently comprises the nine largest REITs in Singapore. The Performance Fee is calculated in two tiers (Tier 1 and Tier 2) based on a fixed percentage of the outperformance multiplied by the equity market capitalisation of CIT and is currently paid on a half-yearly basis.²

1 5.357 Singapore cents was the actual DPU paid to Unitholders for FY2009. 100.0% of the operating income of CIT for FY2009 was distributed.

2 For the avoidance of doubt, the Excess Performance Entitlement (as defined in the Trust Deed) which has accrued to the Manager pursuant to the existing Performance Fee Formula as at 31 March 2015 remains payable to the Manager and will be paid in the months of July 2015, January 2016, July 2016 and January 2017.

(Please refer to **Appendix A** of this Circular for an understanding of how the current Performance Fee is calculated, and paragraph 2.3.2 below for an illustrative example for a comparison of how the Performance Fee is calculated based on the existing Performance Fee formula against the revised Performance Fee formula for the years ended 31 December 2013 (“**FY2013**”) and 31 December 2014 (“**FY2014**”).

The Manager has received feedback from Unitholders that the existing formula for the calculation of the Performance Fee is complex, difficult to understand, not so transparent and open-ended such that there is no effective limit to the amount of fees that can be earned in any particular period. As such, the Manager is revising the Performance Fee formula to be easier to understand and more transparent.

Furthermore, the way the Performance Fee has been calculated based on the existing Performance Fee formula has in the past resulted in the Manager being entitled to fees which exceeded what was reasonable. On those occasions, the Manager had then voluntarily reduced its Performance Fee¹ as well as subsequently reduced the Tier 2 Performance Fee rate² in favour of Unitholders. Under the revised Performance Fee formula, the entitlement of the Manager to a Performance Fee would instead be tied to the growth in DPU of CIT and therefore be more reflective of CIT’s performance. Also, Performance Fees would only be payable provided that CIT exceeds the High DPU Threshold. The Manager is of the view that the revised Performance Fee formula better aligns the interests of the Manager with that of the Unitholders as compared to the existing Performance Fee formula and would address the concerns with and shortcomings of the existing Performance Fee formula.

2.2.2 Benefit to Unitholders

The Manager believes that the revised Performance Fee formula would be beneficial to Unitholders for the following reasons.

(a) *The revised Performance Fee formula is easier to understand and more transparent*

Pegging the revised Performance Fee formula to the DPU growth of CIT (i.e. the cash earnings and performance of CIT) would entitle the Manager to a fixed fraction of the increased distributable amount to Unitholders. This would make the Performance Fee formula easier to understand, more transparent and would simplify the manner in which the Performance Fee will be determined. If the Manager is able to deliver consistent growth in DPU, it would receive a consistent Performance Fee and this would avoid subjecting CIT to the current volatility of the existing Performance Fee formula, making it easier for Unitholders to forecast the Performance Fee.

(b) *Closer alignment of the interests of the Manager with that of Unitholders*

Pegging the revised Performance Fee formula to the DPU growth of CIT would require the Manager to improve the operating performance of CIT and its assets in order to receive its Performance Fees. This would more closely align the interests of the Manager with that of the Unitholders as compared to other

1 The Manager had on 7 July 2013 voluntarily elected to reduce the Performance Fee payable to the Manager for 1H2013 (as defined herein) by 50%. See announcement entitled “Performance Fee Payable to Cambridge Industrial Trust Management Limited dated 7 July 2013” for further details.

2 The Manager had on 17 April 2014 unilaterally provided an irrevocable undertaking to the Trustee to reduce the Tier 2 Performance Fee rate from 15% to 5%. See announcement entitled “Unilateral Adjustment to Performance Fees in Favour of Unitholders” dated 17 April 2014 for further details.

performance fee structures based on other criteria such as net property income. In addition, this would align CIT's Performance Fee structure with a number of other REITs in Singapore.

- (c) Performance Fee under the revised Performance Fee formula would be more reflective of CIT's performance

Pegging the revised Performance Fee formula to the DPU growth of CIT would ensure that Performance Fees earned would be more reflective of CIT's performance as compared to the existing Performance Fee formula where the Performance Fee payable to the Manager is based on the Benchmark Index (consisting of the nine largest REITs in Singapore) which may not be reflective of CIT's performance.

- (d) DPU (solely for purposes of the revised Performance Fee formula) is calculated based on the assumption that 100% of CIT's operating income is distributed as opposed to the actual DPU for the relevant financial year

(Solely for the purposes of determining the Manager's entitlement to Performance Fee under the revised Performance Fee formula) the DPU will be calculated based on the assumption that the Manager has distributed to Unitholders 100% of operating income of CIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the Authorised Investments of CIT, with adjustments for the election by the Manager to receive its management fees (including Performance Fees) for the relevant financial year in Units. Unitholders should note that this is solely for purposes of calculating the DPU for determining the Manager's entitlement to Performance Fee under the revised Performance Fee formula. Although it is the Manager's intention to distribute 100% of CIT's operating income for each financial year, actual distributions to Unitholders may be less than 100% of CIT's operating income for the relevant financial year. The foregoing assumption should in no way be construed as a representation or commitment by the Manager that it will distribute 100% of CIT's operating income for each financial year.

The calculation of the DPU will also exclude the distribution of any one-off income of CIT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more SPVs) or any part thereof, and/or (ii) any Investments forming part of the Deposited Property or any part thereof. This is to prevent the distortion of the DPU performance of CIT through the distribution of such one-off income.

The High DPU Threshold will also be adjusted accordingly for any corporate action such as Unit consolidations and Unit splits undertaken by CIT to ensure that the integrity of the High DPU Threshold is kept consistent.

- (e) Performance Fee is only payable for growth in DPU when compared with the High DPU Threshold

The revised Performance Fee formula incorporates a feature where the Performance Fee is only payable for growth in DPU when compared with the High DPU Threshold. As the revised Performance Fee formula will tie the entitlement of the Manager to a Performance Fee to the growth in DPU of CIT compared with the High DPU Threshold, if there has been no improvement in the DPU in a financial year when compared with the then highest DPU achieved by CIT in the previous years which entitled the Manager to receive a Performance Fee under

the revised fee formula, the Manager will not be entitled to any Performance Fee. The Manager is of the view that benchmarking DPU growth against the prevailing High DPU Threshold will prevent the Manager from receiving any Performance Fee should there be a drastic dip in DPU in any financial year followed by an improvement in the DPU in the next financial year which may still be lower than the DPU in the previous financial years.

2.2.3 Performance Fee Waiver for FY2015 and FY2016

In addition, for the further benefit of Unitholders, the Manager will voluntarily waive its entitlement to any Performance Fee for FY2015 and FY2016. The Performance Fee Waiver is in view of the substantial Performance Fees that were payable to the Manager under the existing Performance Fee formula which exceeded what was reasonable. The Manager considers that the Performance Fee Waiver period of 2 years is reasonable. The Performance Fee Waiver is also a transitional arrangement to provide Unitholders with some time to adjust to the revised Performance Fee formula.

Accordingly, the first Performance Fee under the revised Performance Fee formula will only be payable after the expiry of the Performance Fee Waiver period and provided that CIT has achieved a DPU exceeding 5.357 Singapore cents¹, being the then highest DPU paid since 2009, or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU.

For the avoidance of doubt, subsequent Performance Fee payments for any financial year after the first Performance Fee payment will only be payable provided that CIT achieves a DPU exceeding the latest High DPU Threshold under the revised fee formula.

2.3 Illustrative Examples

2.3.1 Illustrative Example to assist Unitholders in understanding the impact of the revised Performance Fee formula

To assist Unitholders in understanding the impact of the revised Performance Fee formula, the table below sets out **for illustration purposes only**, the entitlement of the Manager to Performance Fees based on the revised Performance Fee formula and an assumed DPU for the corresponding financial years:

THE TABLE BELOW AND ASSUMED DPU FOR EACH FINANCIAL YEAR ARE FOR ILLUSTRATION PURPOSES ONLY TO ASSIST UNITHOLDERS IN UNDERSTANDING THE IMPACT OF THE REVISED FEE FORMULA. THEY ARE NOT REPRESENTATIVE OF CIT'S PRESENT PERFORMANCE AND DO NOT REPRESENT A FORECAST OF CIT'S FUTURE PERFORMANCE.

¹ 5.357 Singapore cents was the actual DPU paid to Unitholders for FY2009. 100% of the operating income of CIT for FY2009 was distributed.

Financial Year	Assumed DPU (Singapore cents)	Remarks	Performance Fee that would be payable under the revised Fee Formula ⁽¹⁾
2015	5.360	DPU exceeds the initial High DPU Threshold of 5.357 Singapore cents ⁽²⁾ . Performance Fee waived for FY2015⁽³⁾ 5.360 Singapore cents becomes the new High DPU Threshold	Nil ⁽⁴⁾⁽⁵⁾
2016	5.320	Performance Fee waived for FY2016⁽³⁾	Nil ⁽⁴⁾
2017	5.400	DPU exceeds the High DPU Threshold of 5.360 Singapore cents Manager is entitled to a Performance Fee 5.400 Singapore cents becomes the new High DPU Threshold	S\$127,859
2018	5.300	DPU does not exceed the High DPU Threshold of 5.400 Singapore cents Manager is not entitled to a Performance Fee	Nil
2019	5.625	DPU exceeds the High DPU Threshold of 5.400 Singapore cents Manager is entitled to a Performance Fee 5.625 Singapore cents becomes the new High DPU Threshold	S\$719,207

Notes:

- (1) The Performance Fee that would be payable to the Manager under the revised Performance Fee formula based on the assumed DPUs in the table for the relevant financial years is calculated based on the assumption that 1,278,589,549 Units are in issue (being the number of Units in issue as at 17 April 2015, being the latest practicable date before the printing of this Circular (the "**Latest Practicable Date**")).
- (2) 5.357 Singapore cents was the actual DPU paid to Unitholders for FY2009. 100% of the operating income of CIT for FY2009 was distributed.
- (3) For the avoidance of doubt, the Excess Performance Entitlement (as defined in the Trust Deed) of approximately S\$7.67 million which has accrued to the Manager pursuant to the existing Performance Fee Formula as at 31 March 2015 remains payable to the Manager and will be paid in the months of July 2015, January 2016, July 2016 and January 2017 and such payment will remain subject to the annual fee cap on the maximum fees to be paid to the Manager in respect of any financial year of an amount equal to 0.8% per annum of the value of the Deposited Property at the end of the financial year. The Manager estimates that such accrued Excess Performance Entitlement will be fully paid by 31 January 2017 and the Manager has elected to receive such payments in cash.
- (4) Pursuant to the Performance Fee Waiver, the Manager will voluntarily waive its entitlement to any Performance Fee for FY2015 and FY2016.
- (5) Based on the assumption in Note (1) above and also assuming that the Manager had not voluntarily waived its entitlement to any Performance Fee for FY2015, the Performance Fee payable to the Manager under the revised Performance Fee formula for FY2015 (calculated using the assumed DPU of 5.360 Singapore cents) would be S\$9,589.

2.3.2 Illustrative Example for comparison of how the Performance Fee is calculated based on the existing Performance Fee formula and the revised Performance Fee formula

The tables below compare the application of the existing Performance Fee formula and the revised Performance Fee formula. Table (a) below sets out how the actual Performance Fee earned was calculated for the six-month period ended 30 June 2013 (“1H2013”) and the six-month period ended 30 June 2014 (“1H2014”) based on the existing Performance Fee formula while table (b) below sets out, **for illustration purposes only**, the Performance Fee that would have been earned if calculated based on the revised Performance Fee formula for FY2013 and FY2014.

(a) ACTUAL PERFORMANCE FEE EARNED BASED ON EXISTING PERFORMANCE FEE FORMULA					
Existing Performance Fee Formula: Tier 1 Fee + Tier 2 Fee					
		1H2013⁽¹⁾		1H2014⁽²⁾	
(1)	Outperformance calculation:	Trust Index	Benchmark Index	Trust Index	Benchmark Index
	Opening value of index	183.11	178.06	203.02	167.41
	Closing value of index	203.03	167.41	232.79	188.16
	Performance	10.88%	(5.98)%	14.66%	12.40%
	Outperformance:	10.88% - (5.98)% = 16.86%		14.663% - 12.395% = 2.27%	
(2)	Tier 1 Fee Calculation:				
	Outperformance x 5% x Market Capitalisation	16.86% x 5% x Market Capitalisation of S\$861.1 million = S\$7.26 million		2.27% x 5% x Market Capitalisation of S\$952.7 million = S\$1.08 million	
(3)	Tier 2 Fee Calculation:				
	(Outperformance - 1%) x 15% x Market Capitalisation	(16.86% - 1%) x 15% x Market Capitalisation of S\$861.1 million = S\$20.48 million		Not applicable. (See note 3 below)	
	(Outperformance - 1%) x 5% ⁽³⁾ x Market Capitalisation	Not applicable. (See note 3 below)		(2.27% - 1%) x 5% ⁽³⁾ x Market Capitalisation of S\$952.7 million = S\$0.60 million	
(4)	Total Performance Fee entitlement:	S\$7.26 million + S\$20.48 million = S\$27.74 million		S\$1.08 million + S\$0.60 million = S\$1.68 million	
(5)	Total Performance Fee payable:	S\$27.74 x 50%⁽⁴⁾ = S\$13.87 million		S\$1.68 million	

Notes:

- (1) Calculation is based on the 1H2013 Performance Fee as no Performance Fee was earned by the Manager for the six-month period ended 31 December 2013.
- (2) Calculation is based on the 1H2014 Performance Fee as no Performance Fee was earned by the Manager for the six-month period ended 31 December 2014.
- (3) The Manager had on 17 April 2014 voluntarily elected to reduce the Tier 2 Performance Fee rate from 15% to 5%. See announcement entitled “CIT Reduces Performance Fees in Favour of Unitholders” dated 17 April 2014 for further details.
- (4) The Manager had on 7 July 2013 voluntarily elected to reduce the 1H2013 Performance Fee payable to the Manager by 50%. See announcement entitled “Performance Fee Payable to Cambridge Industrial Trust Management Limited” dated 7 July 2013 for further details.

THE BELOW TABLE (B) IS FOR ILLUSTRATION PURPOSES ONLY TO ASSIST UNITHOLDERS IN UNDERSTANDING THE APPLICATION OF THE REVISED PERFORMANCE FEE FORMULA IF THE PERFORMANCE FEE FOR FY2013 AND FY2014 HAD BEEN CALCULATED BASED ON THE REVISED PERFORMANCE FEE FORMULA.

(b) PERFORMANCE FEE THAT WOULD HAVE BEEN EARNED IF BASED ON REVISED PERFORMANCE FEE FORMULA Revised Fee Formula: 25% x increase in DPU over highest DPU paid since 2009 x weighted average number of units			
(1)		FY2013	FY2014
	DPU ⁽¹⁾ for a financial year	3.529	4.387
	Highest DPU ⁽¹⁾ paid since 2009 (Singapore cents)	5.357 ⁽²⁾	5.357 ⁽²⁾
	Weighted average number of units (as at 31 December)	1,227,383,000	1,253,458,000
(2)	<u>Total Performance Fee:</u>	<u>No Performance Fee payable for FY2013 as the DPU did not exceed the High DPU Threshold⁽³⁾</u>	<u>No Performance Fee payable for FY2014 as the DPU did not exceed the High DPU Threshold⁽³⁾</u>

Notes:

- (1) Adjusted for the election by the Manager to receive its management fees (including Performance Fees) for the relevant financial year in Units and excludes the distribution of any one-off income of CIT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more SPVs) or any part thereof, and/or (ii) any Investments forming part of the Deposited Property or any part thereof. (See paragraph 2.2.2(d) above for further details).
- (2) 5.357 Singapore cents was the actual DPU paid to Unitholders for FY2009. 100.0% of the operating income of CIT for FY2009 was distributed.
- (3) Assuming the Performance Fee had been calculated based on the revised Performance Fee formula for FY2013 and FY2014, the High DPU Threshold would have been 5.357 Singapore cents, being the highest DPU paid since 2009.

Based on the above table (b), which is **for illustration purposes only**, no Performance Fee would be payable to the Manager if the revised Performance Fee formula had been applied for FY2013 and FY2014.

(Details of the Performance Fee Supplement can be found in **Appendix A** of this Circular)

2.4 Interested Person Transaction

Cambridge Industrial Trust Management Limited, being the manager of CIT, is considered an “interested person” of CIT for the purposes of Chapter 9 of the Listing Manual. Accordingly, the proposed Performance Fee Supplement to the Trust Deed will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

2.5 IFA's advice in relation to the proposed Performance Fee Supplement to the Trust Deed

The IFA is of the opinion that the proposed Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of CIT and its minority Unitholders who are not interested persons. The IFA has advised that the Independent Directors recommend that Unitholders vote in favour of the proposed Performance Fee Supplement to the Trust Deed. Unitholders are advised to read the IFA Letter carefully.

(Please refer to paragraph 7 of the IFA Letter found in **Appendix C** of this Circular for further details).

3. THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT TO THE TRUST DEED AND ITS RATIONALE

3.1 The Performance Fee Unit Pricing Supplement to the Trust Deed

In addition, the Manager proposes to amend the Trust Deed in the form of a supplemental deed of trust to amend the formula for determining the issue price of Performance Fee Units such that the issue price of the Units to be issued is to be the greater of:

- (a) the volume weighted average price (“**VWAP**”) for a Unit for all trades on the SGX-ST in the ordinary course of trading during the 10 Business Days preceding the last day of the relevant financial year (including the last day of the relevant financial year) (“**10-day VWAP**”); and
- (b) the Current Unit Value¹, at the end of the financial year.

Details of the proposed changes in the Performance Fee Unit Pricing Supplement are set out in paragraph 3.2 below.

For the avoidance of doubt, the Excess Performance Entitlement (as defined in the Trust Deed) of approximately S\$7.67 million which has accrued to the Manager pursuant to the existing Performance Fee Formula as at 31 March 2015 and which remains payable to the Manager will not be subject to the proposed Performance Fee Unit Pricing Supplement as the Manager has elected to receive such payments in cash.

3.2 Rationale and Purpose

3.2.1 Existing issue price formula for Performance Fee Units

While the Manager currently has the discretion to elect to receive the Performance Fee in cash or Units, or a combination of both, the Manager has to date not elected to receive its Performance Fee in the form of Units. This is because the Trust Deed currently requires that any Units issued to the Manager in payment of a Performance Fee be priced based on the greater of:

- (a) the VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days preceding the last day of the relevant half year (including the last day of the relevant half year) and the VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days after the last day of the relevant half year (ten Business Days in total); and

¹ “**Current Unit Value**” (being effectively the net asset value (“**NAV**”) of Deposited Property) refers to “At any time the Value of the Deposited Property, less the Liabilities”. As such “the Current Unit Value divided by the number of Units” is effectively “net assets value per Unit”.

(b) the per unit value of the Deposited Property.

As the per unit value of the Deposited Property (being the gross value of the Deposited Property per Unit, the “**Gross Asset Value per Unit**”) will usually be higher than the VWAP per Unit particularly as CIT has borrowings, this effectively means the issue price of the Performance Fee Units would be the Gross Asset Value per Unit which the Manager believes does not provide a fair reflection of the market price of the Units.

(Please refer to **Appendix B** of this Circular for an understanding of how the issue price for Performance Fee Units which may be issued to the Manager is currently calculated, and paragraph 3.3 below for an illustrative example for comparison of the application of the different issue price formulae for Performance Fee Units based on the Gross Asset Value, the 10-day VWAP or the NAV per Unit (Current Unit Value), as the case may be).

3.2.2 Benefit to Unitholders

Under the proposed revised issue price formula, the Manager would be more likely to elect to receive its Performance Fee in Units as the issue price of the Units would be the higher of the 10-day VWAP or NAV per Unit which would be a fairer reflection of the market price of the Units. This would in turn make more cash available in CIT. The Manager also notes that the revised issue price formula will be in line with market price.

3.2.3 Continuing safeguard to Unitholders

Under the existing issue price formula, Unitholders had a safeguard in that Performance Fee Units would not be issued at a price lower than the Gross Asset Value per Unit. Under the revised issue price formula, Unitholders will still be protected (in a modified form) as the proposed revision to the formula will require the Performance Fee Units to be issued at the higher of Current Unit Value (being effectively the NAV per Unit) and the 10-day VWAP. This ensures that the issue of Performance Fee Units will not result in a dilution to the NAV per Unit.

3.3 Illustrative Example for comparison of the application of the different issue price formulae for Performance Fee Units

For illustration purposes only, the table below compares the application of the different Unit issue price formula for the Performance Fee Units using the relevant figures as at 31 December 2014:

<u>PRICING OF UNITS BASED ON EXISTING ISSUE PRICE FORMULA</u>	
	<u>ISSUE PRICE</u>
Gross Asset Value per Unit	S\$1.086
10-day VWAP	S\$0.6784

<u>PRICING OF UNITS BASED ON REVISED ISSUE PRICE FORMULA</u>	
	<u>ISSUE PRICE</u>
NAV per Unit (Current Unit Value)	S\$0.681
10-day VWAP	S\$0.6784

(Details of the Performance Fee Unit Pricing Supplement can be found in **Appendix B** of this Circular)

3.4 Interested Person Transaction

Cambridge Industrial Trust Management Limited, being the manager of CIT, is considered an “interested person” of CIT for the purposes of Chapter 9 of the Listing Manual. Accordingly, the proposed Performance Fee Unit Pricing Supplement to the Trust Deed will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

3.5 IFA’s advice in relation to the proposed Performance Fee Unit Pricing Supplement to the Trust Deed

The IFA is of the opinion that the proposed Performance Fee Unit Pricing Supplement is on normal commercial terms and is not prejudicial to the interests of CIT and its minority Unitholders who are not interested persons. The IFA has advised that the Independent Directors recommend that Unitholders vote in favour of the proposed Performance Fee Unit Pricing Supplement to the Trust Deed. Unitholders are advised to read the IFA Letter carefully.

(Please refer to paragraph 7 of the IFA Letter found in **Appendix C** of this Circular for further details).

4. INTERESTS OF DIRECTORS, SUBSTANTIAL UNITHOLDERS¹ AND THE MANAGER AND ITS ASSOCIATES

4.1 Unitholdings of the Directors

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Director	Number of Units			% of total issued Units
	Direct Interest	Deemed Interest	Total Interest	
Dr Chua Yong Hai	–	100,000	100,000	0.008
Mr Ooi Eng Peng	–	–	–	–
Mr Tan Guong Ching	–	–	–	–
Mr Philip Henry Lewis Levinson	27,064	–	27,064	0.002
Mr Ian Andrew Smith	–	–	–	–
Mr Michael Patrick Dwyer	–	11,186,137 ⁽¹⁾	11,186,137	0.875
Mr Akihiro Noguchi	–	–	–	–
Mr David Ian MacGregor	–	–	–	–
Mr Victor Ong Wei Tak (Alternate Director to Mr Michael Patrick Dwyer)	–	11,186,137 ⁽¹⁾	11,186,137	0.875

Note:

- (1) Mr Michael Patrick Dwyer and Mr Victor Ong Wei Tak are deemed to be interested in the 11,186,137 Units held by the Manager by virtue of their interest in Cambridge Real Estate Investment Management Pte. Ltd., which in turn holds an 80% interest in the Manager.

1 “**Substantial Unitholder**” refers to a person with an interest in one or more Units constituting not less than 5.0% of all Units in issue.

4.2 Unitholdings of Substantial Unitholders

As at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders, as listed in the register of Substantial Unitholders maintained by the Manager, are as follows:

Name of Unitholder	Number of Units			% of total issued Units
	Direct Interest	Deemed Interest	Total Interest	
Mr Tong Jingquan	64,779,700	147,291,519 ⁽¹⁾	212,071,219	16.59
Shanghai Summit Pte Ltd	–	147,291,519 ⁽²⁾	147,291,519	11.52
Wealthy Fountain Holdings Inc	134,172,719	–	134,172,719	10.49
Mr Chan Wai Kheong	70,310,929	56,108,754 ⁽³⁾	126,419,683	9.89
Credit Suisse AG	–	73,885,255 ⁽⁴⁾	73,885,255	5.78

Notes:

- (1) Mr Tong Jinquan is deemed to be interested in 147,291,519 Units by virtue of his interest in Shanghai Summit Pte Ltd.
- (2) Shanghai Summit Pte Ltd's deemed interest in 147,291,519 Units arises by virtue of the interests it holds in Wealthy Fountain Holdings Inc., Skyline Horizon Consortium Ltd and Starray Global Limited.
- (3) Mr Chan Wai Kheong is deemed to be interested in an aggregate of 56,108,754 Units comprising 72,032 Units held by Oakgrove Pte Ltd, 55,965,991 Units held by Splendid Asia Macro Fund and 70,731 Units held by Sym Asia.
- (4) Credit Suisse AG is a wholly owned subsidiary of Credit Suisse Group AG.

4.3 Interests of the Manager and its Associates

As at the Latest Practicable Date, the interests of the Manager and its associates are as follows:

Manager and its Associates	Number of Units			% of total issued Units
	Direct Interest	Deemed Interest	Total Interest	
Manager	11,186,137	–	11,186,137	0.875
nabInvest Capital Partners Pty Ltd	15,795,000	11,186,137 ⁽¹⁾	26,981,137	2.110

Note:

- (1) nabInvest Capital Partners Pty Ltd is deemed to be interested in the 11,186,137 Units held by the Manager by virtue of its interest in Cambridge Real Estate Investment Management Pte. Ltd., which in turn holds an 80% interest in the Manager.

5. RECOMMENDATIONS

5.1 The Performance Fee Supplement to the Trust Deed

The Independent Directors advise that Unitholders read the information on the Performance Fee Supplement to the Trust Deed set out in the Letter to Unitholders and **Appendix A** of this Circular carefully.

Based on the rationale for the Performance Fee Supplement as set out above and the opinion of the IFA (as set out in the IFA Letter found in **Appendix C** of this Circular), the Independent Directors and the Audit, Risk Management and Compliance Committee of the Manager are of the view that the proposed Performance Fee Supplement is based on normal commercial terms and would not be prejudicial to the interests of CIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote in favour of the Performance Fee Supplement (Resolution 1) at the Extraordinary General Meeting¹.

5.2 The Performance Fee Unit Pricing Supplement to the Trust Deed

The Independent Directors advise that Unitholders read the information on the Performance Fee Unit Pricing Supplement to the Trust Deed set out in the Letter to Unitholders and **Appendix B** of this Circular carefully.

Based on the rationale for the Performance Fee Unit Pricing Supplement as set out above and the opinion of the IFA (as set out in the IFA Letter found in **Appendix C** of this Circular), the Independent Directors and the Audit, Risk Management and Compliance Committee of the Manager are of the view that the proposed Performance Fee Unit Pricing Supplement is based on normal commercial terms and would not be prejudicial to the interests of CIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote in favour of the Performance Fee Unit Pricing Supplement (Resolution 2) at the Extraordinary General Meeting¹.

6. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be held at STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Tuesday, 19 May 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which are set out on pages D-1 to D-2 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the Extraordinary General Meeting and to speak and vote at the Extraordinary General Meeting unless he/she is shown to have Units entered against his/her name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the Extraordinary General Meeting.

7. ABSTENTIONS FROM VOTING

Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any Director from voting their Units at any meeting to approve any matter in which they have a material interest. Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the Extraordinary General Meeting.

¹ The Independent Directors are paid basic fees for their Board and Board committee memberships which are reviewed periodically and benchmarked against the amounts paid by managers of other listed REITs. The fees of the Independent Directors are not dependent on the Performance Fee received by the Manager.

Given that the Performance Fee Supplement (Resolution 1) and the Performance Fee Unit Pricing Supplement (Resolution 2) directly affects the Manager's fees, the Manager and its associates (including nabInvest Capital Partners Pty Limited) and the Directors are prohibited from voting on these resolutions at the Extraordinary General Meeting.

Pursuant to paragraph 5.2(b) of the Property Funds Appendix, a person who "has an interest, whether commercial, financial or personal, in the outcome of the transaction, other than in his capacity as a participant, will not be allowed to vote on the resolution to approve the transaction". As Mitsui & Co., Ltd. has a direct shareholding interest of 20% in the Manager as at the Latest Practicable Date, Mitsui & Co., Ltd. shall also abstain from voting on the above-mentioned resolutions and decline to accept appointment as proxy as aforesaid.

In addition, each of the above shall decline to accept appointment as proxy to attend and vote at the Extraordinary General Meeting in respect of the aforementioned resolutions unless the Unitholder concerned has given specific instructions in his/her/its proxy form as to the manner in which his/her/its votes are to be cast.

8. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and the Proxy Form.

If a Unitholder is unable to attend the Extraordinary General Meeting and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's office at 63 Cantonment Road, Singapore 089758, no later than 10.00 a.m. on Sunday, 17 May 2015, being 48 hours before the time fixed for the Extraordinary General Meeting. The completion and return of the Proxy Form by a Unitholder will not prevent him/her from attending and voting in person at the Extraordinary General Meeting if he/she so wishes.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his/her/its Proxy Form as to the manner in which his/her/its votes are to be cast in respect of the resolution.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Performance Fee Supplement, the Performance Fee Unit Pricing Supplement, CIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which it is included in this Circular.

11. DOCUMENTS ON DISPLAY

A copy of the letter from the IFA as set out in **Appendix C** of this Circular is available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Manager at 61 Robinson Road, #12-01 Robinson Centre, Singapore 068893 from the date of this Circular up to and including the date falling three months after the date of this Circular.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as CIT continues to be in existence.

Yours faithfully

Cambridge Industrial Trust Management Limited

(Company Registration No. 200512804G, Capital Markets Services licence no.: 100132-2)

as manager of Cambridge Industrial Trust

Philip Henry Lewis Levinson

(Chief Executive Officer and Executive Director)

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CIT is not necessarily indicative of the future performance of CIT.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

Authorised Investments	:	Has the meaning ascribed to it in the Trust Deed
Benchmark Index	:	Means (a) a performance tracking index comprising all of the real estate investment trusts contained in the FTSE AllCap Singapore universe (but excluding CIT) provided by FTSE International Limited or another index provider with similar capabilities; or (b) such other index as may be chosen in accordance with the provisions of the Trust Deed
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading
CDP	:	The Central Depository (Pte) Limited
CIT	:	Cambridge Industrial Trust
Circular	:	This circular to Unitholders dated 22 April 2015
Current Unit Value	:	Means at any time the NAV of the Deposited Property at that time divided by the number of Units in issue and deemed to be in issue at that time
Deposited Property	:	Means all the assets of CIT, including all its Authorised Investments for the time being held or deemed to be held upon the trusts of the Trust Deed
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
Excess Performance Entitlement	:	Has the meaning ascribed to it in the Trust Deed
Extraordinary General Meeting	:	The extraordinary general meeting of Unitholders to be held at STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Tuesday, 19 May 2015 at 10.00 a.m., notice of which is set out on pages D-1 to D-2 of this Circular
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
FY2009	:	Financial year ended 31 December 2009
FY2013	:	Financial year ended 31 December 2013

FY2014	:	Financial year ended 31 December 2014
FY2015	:	Financial year ended 31 December 2015
FY2016	:	Financial year ended 31 December 2016
Gross Asset Value per Unit	:	The gross value of the Deposited Property per Unit
High DPU Threshold	:	Being the then highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable under the revised Performance Fee formula for purposes of determining if there is any growth in DPU which will entitle the Manager to receive a Performance Fee with respect to any financial year under the Performance Fee revised formula
IFA	:	Deloitte & Touche Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA as set out in Appendix C of this Circular
Independent Directors	:	The independent directors of the Manager
Investments	:	Has the meaning ascribed to it in the Trust Deed
Latest Practicable Date	:	17 April 2015, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST, as the same may be modified, amended, supplemented, revised or replaced from time to time
Manager	:	Cambridge Industrial Trust Management Limited (the manager of CIT)
MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
NAV of the Deposited Property	:	Means at any time the Value of the Deposited Property, less all the liabilities of CIT (including liabilities accrued but not yet paid) and any provisions which the Manager decides in consultation with the auditors of CIT should be taken into account in determining the liabilities of CIT
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Performance Fee	:	The performance fee payable to the Manager, determined pursuant to the Trust Deed

Performance Fee Waiver	:	The waiver of the Manager's entitlement to Performance Fees for the financial years ending 31 December 2015 and 31 December 2016
Property Funds Appendix	:	The investment guidelines issued by the MAS regulating collective investment schemes that invest or propose to invest in real estate and real estate-related assets in Appendix 6 of the Code on Collective Investment Schemes, as the same may be modified, amended, supplemented, revised or replaced from time to time
Real Estate	:	Has the meaning ascribed to it in the Trust Deed
REIT	:	Real estate investment trust
SGX-ST	:	Singapore Exchange Securities Trading Limited
SPV	:	Special purpose vehicle
Trust Deed	:	The trust deed dated 31 March 2006 entered into between the Trustee and the Manager constituting CIT (as amended)
Trustee	:	RBC Investor Services Trust Singapore Limited, in its capacity as the trustee of CIT
Trust Index	:	Means the performance tracking index for CIT, as calculated by FTSE International Limited or another index provider with similar capabilities, as appointed by the Manager, in consultation with the Trustee, for calculating the Benchmark Index
Unit	:	A unit representing an undivided interest in CIT
Unitholder	:	The registered holder for the time being of a Unit, including persons so registered as joint holders, except 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
Unit Registrar	:	B.A.C.S. Private Limited
VWAP	:	Volume weighted average price
%	:	Per centum or percentage
10-day VWAP	:	The VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the 10 Business Days preceding the last day of the relevant financial year (including the last day of the relevant financial year)

1H2013 : The six-month period ended 30 June 2013

1H2014 : The six-month period ended 30 June 2014

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

PROPOSED PERFORMANCE FEE SUPPLEMENT

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of the Performance Fee Supplement to the Trust Deed (Resolution 1) is as follows:

- that Clause 1.1 of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

~~“**Benchmark Index** means (a) a performance tracking index comprising all of the real estate investment trusts contained in the FTSE AllCap Singapore universe (but excluding the Trust) provided by FTSE International Limited or another index provider with similar capabilities; or (b) such other index as may be chosen in accordance with Clause 15;~~

~~“**Trust Index** means the performance tracking index for the Trust, as calculated by FTSE or another index provider with similar capabilities, as appointed by the Manager, in consultation with the Trustee, for calculating the Benchmark Index;”~~

DPU means distribution per Unit

- that Clause 15.1.2 of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

~~“15.1.2 Performance Fee~~

- (i) Subject to Clause 15.1.3, the Manager, in addition to its remuneration under clause 15.1.1, will be entitled to receive for its own account out of the Deposited Property a Performance Fee;
- (ii) ~~The formula for determining the Performance Fee (if any) to be paid to the Manager in respect of a Half Year is set out below. If the TR (as defined below) for the Trust for a Half Year is negative, the Performance Fee to which the Manager would have been entitled will not be paid to the Manager until the end of the first succeeding Half Year in which the TR is positive.~~

~~Performance Fee to be paid to the Manager = PF + EPF~~

~~Where~~

~~PF (Tier 1 Performance Fee) = NPc x MCo x 5%, but equals zero if NPc is not greater than zero;~~

~~EPF (Tier 2 Performance Fee) = (NPc – EPb) x MCo x 15% but equals zero if NPc is not greater than EPb;~~

~~NPc = TR – BM (in percentage);~~

~~NPo (Opening Net Performance) = NPc of prior Half Year except in the first Half Year when NPo = 0;~~

~~TR (Trust Return percentage) = $\frac{(Tc - To) \times 100}{To}$~~

where

T_e = Trust Index at the close of the Half Year; and

T_o = Opening Trust Index being the Trust Index at close of the prior Half Year or if $NP_o < 0$ then T_o = the Trust Index used as the opening Trust Index (T_o) for the previous period;

$$BM \text{ (Benchmark Return percentage)} = \frac{(B_e - B_o) \times 100}{B_o}$$

B_e = Benchmark Index at the end of the Half Year; and

B_o = Opening Benchmark Index being the Benchmark Index at close of the prior Half Year or if $NP_o < 0$ the B_o = the Benchmark Index used as the opening Benchmark Index (B_o) for the previous period;

$$MCo \text{ (Equity Market Capitalisation)} = P_o \times U_o$$

where

P_o = the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days preceding the last day of the relevant Half Year (including the last day of the relevant Half Year) and the five Business Days after the last day of the relevant Half Year (ten Business Days in total); and

U_o = Units on issue at the close of the last day of the prior Half Year;

EP_b (Tier 2 Performance Benchmark, in percentage) = 2% nominal per annum outperformance for the Half Year; and

The Performance Fee in respect of a Financial Year, shall be a fee equal to a rate of 25.0% of the growth in DPU for such Financial Year when compared to the then highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable under this formula (the “**High DPU Threshold**”) multiplied by the weighted average number of Units in issue for such Financial Year (for the purposes of this Clause 15.1.2(ii), the “**permitted limit**”)

Provided That:

- (a) the Manager hereby waives its entitlement to any Performance Fees under Clause 15.1.2(i) and this Clause 15.1.2(ii) for the Financial Years ended 31 December 2015 and 31 December 2016 (the “**Performance Fee Waiver period**”). For the avoidance of doubt and notwithstanding anything in the foregoing, the Manager shall continue to be entitled to receive the Excess Performance Entitlement (as defined herein) which have accrued as at 31 March 2015 and which will be paid to the Manager in the months of July 2015, January 2016, July 2016 and January 2017; and

- (b) for the purpose of calculation of the first Performance Fee payable to the Manager under the formula in this Clause 15.1.2(ii), the High DPU Threshold will be 5.357 Singapore cents, being the highest DPU paid since 2009, or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU.

For the purpose of the computation of the Performance Fee under this Clause 15.1.2(ii) only, the DPU shall be calculated based on all income of the Trust arising from the operations of the Trust, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the Authorised Investments of the Trust, and will be adjusted for the election by the Manager to receive its Management Fees for the relevant Financial Year in Units, but shall exclude the distribution of any one-off income of the Trust such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more Special Purpose Vehicles) or any part thereof, and/or (ii) any Investments forming part of the Deposited Property or any part thereof. The High DPU Threshold will be adjusted accordingly to take into account any corporate actions such as Unit consolidations and Unit splits undertaken by the Trust.

The Performance Fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of Cash and/or Units (as the Manager may elect) out of the Deposited Property. Any increase in the Performance Fee payable above the permitted limit or any change in the structure of the Performance Fee shall be approved by an Extraordinary Resolution of a meeting of Holders duly convened and held in accordance with the provisions of Schedule 1.

- (iii) The Performance Fee may at the discretion of the Manager be structured as payable in the form of cash or Units or a combination of both cash and Units in such proportion as may be determined at the option of the Manager and, subject to the restrictions under Clause 5.3.4, to the Performance Fee being determined in accordance with formula calculated in accordance with Clause 15.1.2(ii) and to the total of the Base Fee and the Performance Fee not exceeding the limit for that Financial Year calculated in accordance with Clause 15.1.3(i), the Manager may at any time change the structure of the payment of the Performance Fee between cash and Units without the requirement of obtaining approval by an Extraordinary Resolution of a meeting of the Holders or (as the case may be) Depositors Provided That the Manager is only entitled to payment of the Performance Fee for any Half Financial Year in cash (with the amount of the cash payment to be calculated in accordance with Clause 15.1.4) if a Trigger Event occurs within that Half Financial Year. In the event the payment or part thereof is to be made in the form of Units and the Holders' prior approval is required for the issue of such Units pursuant to ~~Clause 5.3.4~~ but is not obtained, then the payment to the Manager for that portion of the Performance Fee shall be made in the form of cash.

- (iv) Where the whole or part of the Performance Fee for any Financial Year is to be paid in the form of Units, the Performance Fee for that Half Year reduced by the amount of any Performance Fee received in cash in respect of that Half Year shall be divided by issue price ("Pc") shall be to determine the number of Units to be issued where equal to the Market Price. For this purpose, **Market Price** shall mean:

Pc = the greater of (A) the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days preceding the last day of the relevant Half Financial Year (including the last day of the relevant Half Financial Year) and (B) the five Business Days after the last day of the relevant Half Financial Year (ten Business Days in total) and the Value of Deposited Property divided by the number of Units in issue or deemed to be in issue at the end of the Half Financial Year. This will be the issue price of the relevant Units to be issued.

- (v) ~~If and when the Performance Fee is paid in the form of Units in respect of a Half Year where the Trust Index is below its historical Half Year end high achieved since listing of the Units, the Manager may not sell or otherwise dispose of such Units until a time after the Trust Index equals or exceeds that prior peak, and until the time the Manager is entitled to sell such Units, all distributions in respect of such Units must, if a distribution reinvestment plan then applies, be reinvested pursuant to the distribution reinvestment plan and the Units received pursuant to the reinvestment will be subject to the same restriction on sale or disposal. The restriction on sale or disposal will cease if a Trigger Event occurs.~~
- (vi) Any payment of the Performance Fee whether in the form of cash or Units shall be payable out of the Deposited Property in arrears within 30 days after the last day of each Half Financial Year. Such payment if in cash shall be made out of whichever bank account of the Trust the Manager in its discretion shall decide.
- (vii) The amount of the Performance Fee (if any) payable to the Manager shall exclude all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere, which shall be borne by the Trust and paid in cash.
- (viii) ~~If the Benchmark Index referred to in paragraph (a) of the definition of Benchmark Index in Clause 1.1 is, in the opinion of the Manager, in consultation with the Trustee, not practical or relevant, the Benchmark Index shall be a similar index calculated by FTSE International Limited or another index provider with similar capabilities (the composition of which shall be determined by the Manager after consultation with the Trustee) which the Manager, after consultation with the Trustee, determines is more appropriate for measuring the performance of the Trust.~~
- (ix) ~~Each of the Manager and the Trustee acknowledges as follows: (a) if the Benchmark Index is to be changed pursuant to the above, the new index shall be adopted as the new Benchmark Index as soon as practicable, if possible, for the following Half Year; (b) the Benchmark Index will commence at a base value of 100 on the Listing Date, based upon the closing value of the securities comprising the Benchmark Index on the Business Day preceding the Listing~~

Date; (c) the closing value of the Benchmark Index for the relevant Half-Year will be based on the investible (i.e. free float) market capitalisation weightings of the securities comprising the Benchmark Index recorded on the SGX-ST (or other exchange on which such securities are quoted) during the five Business Days preceding the last day of the relevant Half-Year (including the last day of the relevant Half-Year) and the five Business Days after the last day of the relevant Half-Year (ten Business Days in total); (d) if the Trust is included in the Benchmark Index, the Benchmark Index will be adjusted by the index provider by removing the Trust from the Benchmark Index; (e) any change in the Benchmark Index will be announced to the public by the Manager via SGXNet with a posting of the announcement on the internet at the SGX-ST website.

(x) ~~The Manager and Trustee shall procure that the Trust Index will be calculated by FTSE International Limited or another index provider approved by the Manager and Trustee. The Manager and the Trustee acknowledges that (a) the Trust Index will be calculated in accordance with the index provider's standard practices in relation to index calculation. The Trust Index will measure the total return of the Trust, combining both capital performance of the security and its reinvested income; (b) the Trust Index will be calculated daily using declared dividends; (c) the calculation method will be adjusted according to whether any dividends are declared ex-dividend on a given day; and (d) the ex-dividend adjustment represents the value of dividends declared by the security on the ex-dividend date expressed in index points.~~

(xi) ~~The Trust Index will commence at 100 on the Listing Date based on the initial amount paid for each Unit pursuant to the Prospectus as at the Listing Date."~~

- that Clause 15.1.3 of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"15.1.3 Annual Fee Cap

(i) ~~Except as provided in Clause 15.1.3(iii) and notwithstanding anything to the contrary, the maximum fees to be paid to the Manager in respect of any Financial Year including the Base Fee and the Performance Fee is to be an amount equal to 0.8% per annum of the Value of Deposited Property at the end of the Financial Year (referred to in this Clause as the annual fee cap). In applying the annual fee cap, if a Performance Fee becomes payable in respect of any Half Year ending 30 June, the maximum amount which may be paid in respect of both the Base Fee and the Performance Fee for that Half Year will be an amount equal to 0.4% of the Value of the Deposited Property at the end of that Half Year and will represent a part payment to account of the total Base Fee and Performance Fee payable in respect of the Financial Year up to the annual fee cap for that Financial Year calculated in accordance with this Clause 15.1.3(i). For the avoidance of doubt and notwithstanding anything in the foregoing, the Manager shall continue to be entitled to receive the Excess Performance Entitlement which have accrued as at 31 March 2015 pursuant to Clause 15.1.2(ii)(a) and the Manager's entitlement to such Excess Performance Entitlement will be paid in the months of July 2015, January 2016, July 2016 and January 2017 and which will remain subject to the annual fee cap provided for pursuant to this Clause 15.1.3(i).~~

(ii) If the amount of the total Base Fee and Performance Fee for a Financial Year as calculated in accordance with Clauses 15.1.1 and 15.1.2 exceeds the annual fee cap for the Financial Year specified in Clause 15.1.3(i), the Base

Fee for that Financial Year shall be payable and only that part of the Performance Fee equal to the balance of the amount up to the annual fee cap will be paid to the Manager and the remaining Performance Fee which would otherwise have been paid in respect of that Financial Year if the annual fee cap in Clause 15.1.3(i) did not apply (**Excess Performance Entitlement**) will not be paid at that time. The Excess Performance Entitlement shall be recorded as a liability to the Manager and shall be paid to the Manager in future HalfFinancial Years to the extent that the total fees payable to the Manager in relation to any future HalfFinancial Year are less than the annual fee cap referred to in Clause 15.1.3(i). In carrying forward the Excess Performance Entitlement into future HalfFinancial Years to supplement the Manager's total fees up to the annual fee cap under Clause 15.1.3(i), the Excess Performance Entitlement shall be paid in the order that it accrued as a liability. Should the Manager at its discretion structure the payment of the whole or part of the Excess Performance Entitlement in the form of Units, the number of Units to be issued shall be calculated by dividing the amount of the whole or (as the case may be) the relevant part of the Excess Performance Entitlement by Pc (as defined above but modified such that references in the definition to "the last day of the relevant HalfFinancial Year" shall be read as references to "the last day of the HalfFinancial Year in respect of which the Performance Amount out of which the whole or part of the Excess Performance Entitlement being paid in Units arose").

- (iii) ~~If at the end of any Half Year there shall be any Excess Performance Entitlement which accrued as a liability at least three years prior to the end of that Half Year and which have not been paid to the Manager, such Excess Performance Entitlement will be paid to the Manager, and disregarded for the purpose of calculating the limit of 0.8% per annum under Clause 15.1.3(i) in relation to the Financial Year in which it is paid, if the total return of the Trust for that three-year period expressed as a percentage exceeds the movement in the Benchmark Index over that three-year period (expressed as a percentage). If Cambridge Industrial Trust Management Limited ceases to be the Manager of the Trust, Cambridge Industrial Trust Management Limited shall be entitled to receive in cash all of the Excess Performance Entitlement which has not been paid to it in cash within seven days after the date upon which it ceases to be the manager of the Trust. If the total return of the Trust for that three-year period does not exceed the movement in the Benchmark Index over that three-year period, such Excess Performance Entitlement shall continue to be accrued as a liability owing to the Manager and be payable to the Manager in accordance with the procedures set out in Clause 15.1.3(ii). If a Trigger Event occurs at a time when any Excess Performance Entitlement has not been paid resulting in the removal of Cambridge Industrial Trust Management Limited as manager of the Trust, then the Manager is entitled to payment in cash of such Excess Performance Entitlement in cash. Any cash payment under this Clause 15.1.3(iii) will be disregarded for the purposes of Clause 15.1.3(i)."~~

- that Clause 15.1.4 of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"15.1.4 Cash Payment on Trigger Event

If a Trigger Event occurs in any HalfFinancial Year resulting in the Manager being removed, the Manager shall be paid a cash payment calculated as follows in payment of any Performance Fee (whether structured by the Manager to be paid in

cash or in the form of Units) to which it might otherwise have been entitled, such payment to be made to the entity which was the manager of the Trust on the day upon which the Trigger Event occurred notwithstanding that the entity may have ceased to be the manager of the Trust or that the Trust has terminated:

- (i) the cash payment is to be equal to the Performance Fee calculated in accordance with Clause 15.1.2 as if the end of the HalfFinancial Year was the date of the occurrence of the Trigger Event but in determining ~~the Trust Index at the close of the period there is to be substituted~~ for the market price of the Units:
 - (a) in the case of a resolution being passed at a meeting of Holders or Depositors (as the case may be) removing or replacing the Manager, the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the 10 Business Days prior to the date of the notice of such meeting;
 - (b) in the case of a scheme of arrangement, the mid-point of the value range for the Units contained in the independent expert's report (if any) prepared for the Members in relation to the scheme of arrangement or if there is no independent expert's report, the fair value of the consideration per Unit as determined by an independent accountant appointed by the Manager;
 - (c) in the case where the Trust becomes Unlisted, the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the 10 Business Days prior to the date of delisting; or
 - (d) in the case of termination of the Trust, the amount per Unit to be received by the Holders after accruing the amount payable to the Manager for the Performance Fee; and
- (ii) the cash payment is payable as soon as it can be calculated. If there has been any accrual of the Performance Fee from any prior HalfFinancial Year ~~whether due to the Trust Return (TR) being negative although exceeding the Benchmark Return (BM) or otherwise~~, the amount accrued shall be paid in cash rather than Units on the date of occurrence of the Trigger Event.”

PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of the Performance Fee Unit Pricing Supplement to the Trust Deed (Resolution 2) is as follows:

- in the event the Performance Fee Supplement to the Trust Deed (Resolution 1) is passed, that Clause 15.1.2(iv) of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

“(iv) Where the whole or part of the Performance Fee for any Financial Year is to be paid in the form of Units, the ~~Performance Fee for that Half Year reduced by the amount of any Performance Fee received in cash in respect of that Half Year shall be divided by issue price (“Pc”)~~ shall be to determine the number of Units to be issued where equal to the Market Price. For this purpose, ***Market Price*** shall mean:

Pc = the greater of (A) the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the ~~five~~10 Business Days preceding the last day of the relevant ~~Half~~Financial Year (including the last day of the relevant ~~Half~~Financial Year) and (B) the ~~five Business Days after the last day of the relevant Half Year (ten Business Days in total)~~ and the ~~Value of Deposited Property divided by the number of Units in issue or deemed to be in issue~~Current Unit Value at the end of the ~~Half~~Financial Year. This will be the issue price of the relevant Units to be issued.”

- in the event the Performance Fee Supplement to the Trust Deed (Resolution 1) is *not* passed, that Clause 15.1.2(iv) of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

“(iv) Where the whole or part of the Performance Fee is to be paid in the form of Units, the Performance Fee for that Half Year reduced by the amount of any Performance Fee received in cash in respect of that Half Year shall be divided by **Pc** to determine the number of Units to be issued where:

Pc = the greater of (A) the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading during the ~~five~~10 Business Days preceding the last day of the relevant Half Year (including the last day of the relevant Half Year) and (B) the ~~five Business Days after the last day of the relevant Half Year (ten Business Days in total)~~ and the ~~Value of Deposited Property divided by the number of Units in issue or deemed to be in issue~~Current Unit Value at the end of the Half Year. This will be the issue price of the relevant Units to be issued.”

INDEPENDENT FINANCIAL ADVISER'S LETTER

22 April 2015

The Independent Directors and
the Audit, Risk Management and Compliance Committee
Cambridge Industrial Trust Management Limited
(the Manager of Cambridge Industrial Trust)
61 Robinson Road
#12-01 Robinson Centre
Singapore 068893

RBC Investor Services Trust Singapore Limited
(as Trustee of Cambridge Industrial Trust)
20 Cecil Street
Singapore 049705

Dear Sirs

(A) THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED

(B) THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT TO THE TRUST DEED

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the draft circular dated 23 March 2015 to the unitholders of Cambridge Industrial Trust (the "Circular")

1. INTRODUCTION

Cambridge Industrial Trust ("CIT") is a Singapore-based industrial real estate investment trust ("REIT"), principally investing directly and indirectly in income-producing real estate and real estate related assets in Singapore used primarily for industrial, warehousing and logistics purposes. CIT was listed on the Main Board of the Singapore Stock Exchange Securities Trading Limited ("SGX-ST") on 25 July 2006. As at 31 December 2014, CIT has a portfolio of 50 properties (the "Properties") located across Singapore with a total gross floor area of approximately 8.4 million sq ft and a property value of S\$1.37 billion.

Cambridge Industrial Trust Management Limited, the manager of CIT (the "Manager"), is seeking approval from Unitholders for the following:

- (a) the proposed Performance Fee Supplement to the Trust Deed, as set out in paragraph 3 of this letter and paragraph 2.1 of the Circular; and
- (b) the proposed Performance Fee Unit Pricing Supplement to the Trust Deed, as set out in paragraph 4 of this letter and paragraph 3.1 of the Circular.

CITM, being the manager of CIT, is considered an interested person of CIT for the purpose of Chapter 9 of the Listing Manual and an "interested party" of CIT for the purpose of guidelines relating to interested party transactions under the Property Fund Appendix.

Accordingly, the Proposed Transactions will constitute “**interested person transactions**” under Chapter 9 of the Listing Manual and “**interested party transactions**” under the Property Fund Appendix.

For the purpose of Chapter 9 of the Listing Manual, we, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”), have been appointed as independent financial adviser to the Independent Directors and the Audit, Risk Management and Compliance Committee in respect of the proposed Performance Fee Supplement to the Trust Deed and the proposed Performance Fee Unit Pricing Supplement to the Trust Deed (collectively the “**Proposed Trust Deed Supplements**”).

We note that the passing of the Proposed Trust Deed Supplements by the Unitholders are not conditional upon each other.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether each of the Proposed Trust Deed Supplements are on normal commercial terms and will not be prejudicial to the interests of CIT and its minority Unitholders who are not interested persons.

We were neither a party to the negotiations entered into in relation to the Proposed Trust Deed Supplements nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into these transactions.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of each of the Proposed Trust Deed Supplements. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of CIT. We do not express any view as to the price at which the Units may trade nor on the future value, financial performance or condition of CIT.

It is also not within our terms of reference to compare the merits of the Proposed Trust Deed Supplements to any alternative arrangements that were or may have been available to CIT. Such comparison and consideration remain the responsibility of the Directors and their advisers.

We have relied upon the assurances of the Directors who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Trust Deed Supplements have been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transactions and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of CIT.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Proposed Trust Deed Supplements which may be released by the Manager after the Latest Practicable Date.

The Manager has been separately advised by its own legal adviser in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except as for this letter.

Our opinion in relation to the Proposed Trust Deed Supplements as set out under Section 7 of this letter should be considered in the context of the entirety of our advice. While a copy of this letter may be reproduced in the Circular, the Manager may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the purpose stated herein, without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

3. THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED

The Manager proposes to amend the Trust Deed in respect of the following:

- (i) amending the Performance Fee to a rate of 25.0% of the growth in DPU for a financial year when compared with the then highest DPU achieved by CIT in the previous years for which a Performance Fee was payable under the revised fee formula (the “**High DPU Threshold**”) multiplied by the weighted average number of Units in issue for such financial year;
- (ii) for the purpose of the calculation of the first Performance Fee payable under the revised Performance Fee formula, the High DPU Threshold will be initially set at 5.357 Singapore cents, being the then highest DPU paid since 2009 (or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU);
- (iii) in the event of corporate actions such as Unit consolidations and Unit splits undertaken by CIT, the High DPU Threshold will be adjusted accordingly to take into account such corporate action;
- (iv) for the Performance Fee to be determined and paid after each financial year (as opposed to the existing Performance Fee formula, where the Performance Fee is determined and paid on a half-yearly basis);

- (v) waiver of the Manager's entitlement to Performance Fees for the financial years ending 31 December ("FY") 2015 and FY2016 (the "**Performance Fee Waiver**"). For the avoidance of doubt, the Excess Performance Entitlement (as defined in the Trust Deed) of approximately S\$7.67 million which has accrued to the Manager pursuant to the existing Performance Fee formula as at 31 March 2015 remains payable to the Manager and will be paid in the months of July 2015, January 2016, July 2016 and January 2017 and such payment will remain subject to the annual fee cap on the maximum fees to be paid to the Manager in respect of any financial year of an amount equal to 0.8% per annum of the value of the Deposited Property at the end of the financial year. The Manager estimates that such accrued Excess Performance Entitlement will be fully paid by 31 January 2017 and the Manager has elected to receive such payments in cash.

The first Performance Fee under the revised Performance Fee formula will only be payable after the expiry of the Performance Fee Waiver period (i.e. from 1 January 2017 onwards) and provided that CIT achieves a DPU exceeding the High DPU Threshold (which will be initially set at 5.357 Singapore cents, being the then highest DPU paid since 2009 or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU). Subsequently, the High DPU Threshold will be the then highest DPU achieved by CIT in the previous years for which a Performance Fee was payable under the revised fee formula (i.e. the DPU for the relevant financial year in which a Performance Fee was last paid under the revised Performance fee formula).

An illustration of the entitlement of the Manager to Performance Fees based on the revised Performance Fee formula and an assumed DPU is included in paragraph 2.3.1 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

Further, solely for the purposes of determining the Manager's entitlement to Performance Fee under the revised Performance Fee formula, the DPU will be calculated based on the assumption that the Manager has distributed to Unitholders 100% of operating income of CIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the Authorised Investments of CIT¹, with adjustments for the election by the Manager to receive its management fees (including Performance Fees) for the relevant financial year in Units. The calculation of the DPU will also exclude the distribution of any one-off income of CIT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more SPVs) or any part thereof, and (ii) any Investments forming part of the Deposited Property or any part thereof.

4. THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT TO THE TRUST DEED

The Manager proposes to amend the formula for determining the issue price of Performance Fee Units such that the issue price of the Units to be issued is to be the greater of:

- (a) the VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the 10 Business Days preceding the last day of the relevant financial year (including the last day of the relevant financial year); and

¹ This is solely for purposes of calculating the DPU for the purposes of determining the Manager's entitlement to Performance Fee under the revised Performance Fee formula. Actual distributions to Unitholders may or may not comprise 100% of CIT's operating income for the relevant financial year and this statement should in no way be construed as a representation or commitment by the Manager that it will distribute 100% of CIT's operating income for each financial year.

(b) the Current Unit Value², at the end of the financial year.

Further, we note that the Proposed Performance Fee Unit Pricing will not apply to the Excess Performance Entitlement (as defined in the Trust Deed) of approximately S\$7.67 million which has accrued to the Manager pursuant to the existing Performance Fee formula as at 31 March 2015. The Manager has elected to receive such payments in cash.

An illustration of the issue price of Units under the existing issue price formula and the revised issue price formula is set out in paragraph 3.3 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

Details of the Performance Fee Unit Pricing Supplement can be found in Appendix B of this Circular. We recommend that the Independent Directors advise the Unitholders to read this Appendix B carefully.

5. EVALUATION OF THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED

In reaching our recommendation in respect of the Proposed Performance Fee Supplement, we have given due consideration to the following factors:

- (1) Rationale and benefits of the Proposed Performance Fee Supplement;
- (2) Comparison with the basis of the performance fees payable by SGX-ST listed business space and industrial REITs;
- (3) Comparison with the basis of the performance fee payable by non-industrial sector-focused SGX-ST listed REITs and business trusts; and
- (4) Other relevant factors.

5.1 Rationale and benefits of the Proposed Performance Fee Supplement

The Manager's rationale for the Proposed Performance Fee Supplement is set out in paragraph 2.2.1 of the Circular, certain aspect of which reproduced below:

"The Manager currently earns a Performance Fee if the total return (combining both capital performance of a Unit and its reinvested income) of the Trust Index³ outperforms the total return of the Benchmark Index⁴, which currently comprises the nine largest REITs in Singapore. The Performance Fee is calculated in two tiers (Tier 1 and Tier 2) based on a fixed percentage of the outperformance multiplied by the equity market capitalisation of CIT and is currently paid on a half-yearly basis.⁵"

2 "Current Unit Value" (being effectively the net asset value ("NAV") of Deposited Property) refers to "At any time the Value of the Deposited Property, less the Liabilities". As such "the Current Unit Value divided by the number of Units" is effectively "net assets value per Unit".

3 "Trust Index" means the performance tracking index for CIT, as calculated by FTSE International Limited or another index provider with similar capabilities, as appointed by the Manager, in consultation with the Trustee, for calculating the Benchmark Index (as defined herein).

4 "Benchmark Index" means (a) a performance tracking index comprising all of the real estate investment trusts contained in the FTSE AllCap Singapore universe (but excluding CIT) provided by FTSE International Limited or another index provider with similar capabilities; or (b) such other index as may be chosen in accordance with the provisions of the Trust Deed.

5 For the avoidance of doubt, the Excess Performance Entitlement (as defined in the Trust Deed) which has accrued to the Manager pursuant to the existing Performance Fee Formula as at 31 March 2015 remains payable to the Manager and will be paid in the months of July 2015, January 2016, July 2016 and January 2017.

“The Manager has received feedback from Unitholders that the existing formula for the calculation of the Performance Fee is complex, difficult to understand, not so transparent and open-ended such that there is no effective limit to the amount of fees that can be earned in any particular period. As such, the Manager is revising the Performance Fee formula to be easier to understand and more transparent. Furthermore, the way the Performance Fee has been calculated based on the existing Performance Fee formula has in the past resulted in the Manager being entitled to fees which exceeded what was reasonable. On those occasions, the Manager had then voluntarily reduced its Performance Fee⁶ as well as subsequently reduced the Tier 2 Performance Fee rate⁷ in favour of Unitholders. Under the revised Performance Fee formula, the entitlement of the Manager to a Performance Fee would instead be tied to the growth in DPU of CIT and therefore be more reflective of CIT’s performance. Also, Performance Fees would only be payable provided that CIT exceeds the High DPU Threshold. The Manager is of the view that the revised Performance Fee formula better aligns the interests of the Manager with that of the Unitholders as compared to the existing Performance Fee formula and would address the concerns with and shortcomings of the existing Performance Fee formula.”

The Manager’s view of the benefits of the revised Performance Fee formula is set out in paragraph 2.2.2 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

Further, we note that, the Manager will voluntarily waive its entitlement to any Performance Fee for FY2015 and FY2016. The Performance Fee waiver is in view of the substantial Performance Fees that were payable to the Manager under the existing Performance Fee formula which exceeded what was reasonable. The Manager considers that the Performance Fee Waiver period of 2 years is reasonable. The Performance Fee waiver is also a transitional arrangement to provide Unitholders with some time to adjust to the revised Performance Fee formula. Accordingly, the first Performance Fee under the revised Performance Fee formula will only be payable after the expiry of the Performance Fee Waiver period and provided that CIT has achieved a DPU exceeding 5.357 Singapore cents, being the then highest DPU paid since 2009, or if the DPU achieved during the Performance Fee Waiver period is higher than 5.357 Singapore cents, such higher DPU.

6 The Manager had on 7 July 2013 voluntarily elected to reduce the Performance Fee payable to the Manager for 1H2013 (as defined herein) by 50%. See announcement entitled “Performance Fee Payable to Cambridge Industrial Trust Management Limited dated 7 July 2013” for further details.

7 The Manager had on 17 April 2014 unilaterally provided an irrevocable undertaking to the Trustee to reduce the Tier 2 Performance Fee rate from 15% to 5%. See announcement entitled “Unilateral Adjustment to Performance Fees in Favour of Unitholders” dated 17 April 2014 for further details.

5.2 Comparison with the basis of the performance fee payable by SGX-ST listed business space and industrial REITs

We have considered publicly available information on the performance fee paid to managers of REITs that invest primarily in business space and industrial properties and that are listed in Singapore (the “**Comparable Industrial REITs**”) in order to compare the key commercial terms of the Performance Fee with the performance fee paid to the managers of the Comparable Industrial Property Trusts.

Name of the REIT	Date of Listing	Basis for Performance Fee	Performance fee formula
Viva Industrial Trust (“ Viva Industrial ”)	Nov 2013	DPU growth	<p>25.0% of increase in DPU in a financial year over the preceding financial year (calculated before performance fee) multiplied by the weighted average number of Units in issue for such financial year.</p> <p>No performance fee is payable if DPU in any financial year is equal to or less than the DPU in the preceding financial year.</p> <p>0.5% of NPI if DPU in a financial year is at least 10.0% over the DPU⁽¹⁾ in the preceding financial year (calculated after accounting for the performance fee (if any) for that financial year.</p> <ul style="list-style-type: none"> 0.1% of deposited property if DPU in a financial year exceeds DPU in the preceding financial year by more than 2.5% (calculated before performance fee); or 0.2% of deposited property if DPU in a financial year exceeds DPU in the preceding financial year by more than 5.0% (calculated before performance fee). <p>For A-REIT, “deposited property” is defined as the deposited property less such value of the deposited property attributable to derivative assets and properties under development.</p>
Soilbuild Business Space REIT (“ Soilbuild ”)	Aug 2013		
Sabana Shariah Compliant Industrial REIT (“ Sabana ”)	Nov 2010		
AIMS AMP Capital Industrial REIT (“ AIMS AMP ”)	Apr 2007		
Ascendas REIT (“ A-REIT ”)	Nov 2002		
Keppel DC REIT	Dec 2014	Net property income (NPI)	3.5% per annum of NPI.
Mapletree Industrial Trust	Oct 2010		3.6% per annum of NPI.
Cache Logistics Trust	Apr 2010		1.5% per annum of NPI.
Mapletree Logistics Trust	Jul 2005		3.6% per annum of NPI.
Cambridge Industrial Trust (Proposed Performance Fee)	Jul 2006	DPU growth	25.0% of increase in DPU in a financial year over High DPU Threshold (calculated before performance fee) multiplied by the weighted average number of Units in issue for such financial year.

Source: Annual reports and initial public offering documents of REITs.

Note:

- The DPU in the previous financial year is calculated before accounting for the performance fee (if any) payable for that financial year.

- (i) For five (5) of the nine (9) Comparable Industrial REITs, the performance fee paid to their manager is based on DPU growth. This is similar to the Performance Fee under the Proposed Performance Fee Supplement;
- (ii) For the other Comparable Industrial REITs, the performance fee paid to their manager is a percentage of their net property income in the relevant financial year;
- (iii) The revised Performance Fee formula (being 25% of the increase in DPU) is similar to that adopted by Viva Industrial and Soilbuild;
- (iv) The exclusion of one-off income such as any income arising from any sale or disposal of real estate (whether held directly or indirectly) or any part thereof in computing the DPU as proposed under the Proposed Performance Fee Supplement is inline with the DPU computation formula adopted by Viva Industrial and Soilbuild; and
- (v) While AIMS AMP, A-REIT and Sabana pay their manager a performance fee based on DPU growth, they use different benchmarks and percentages and so, for that reason, are not directly comparable.

We note the Proposed Performance Fee Supplement incorporates a feature which means that performance fees are only payable in the event of DPU rising above the High DPU Threshold. The High DPU Threshold has been set as CIT's FY2009 DPU from the outset and can only ratchet upwards. Further, we note that none of the Comparable Industrial REITs that pay a performance fee based on DPU growth include such a feature; rather they pay performance fees on the year-to-year changes in DPU. In that regard, the Proposed Performance Fee Supplement sets a higher bar for the Manager for a performance fee to be paid.

Further, we note that the following assumptions will be made in computing the DPU for the purpose of the proposed Performance Fee:

- (i) the Manager's fees (base and performance) will be treated as all being payable in cash; and
- (ii) a distribution equivalent to 100% of the taxable income.

This approach facilitates a like-for-like comparison in computing the DPU growth for the Performance Fee calculations.

5.3 Comparison with the basis of the performance fee payable by non-industrial sector focused SGX-ST listed REITs and business trusts

We have considered publicly available information on the performance fee paid to managers of 27 REITs and business trusts that are listed in Singapore other than the Comparable Industrial REITs (the "**Non-Industrial Singapore Listed Trusts**") in order to compare the key commercial terms of the Performance Fee with the performance fee paid to the managers of the Non-Industrial Singapore Listed Trusts.

For 22 of the 27 Non-Industrial Singapore Listed Trusts, the performance fee paid to their manager is a percentage of either net property income or gross/net profits or gross revenues for the relevant financial year.

For the other Non-Industrial Singapore Listed Trusts, the performance fee paid to their manager is based on either DPU growth or distributable income or total return. Details of these 5 Non-Industrial Singapore Listed Trusts is set out in the table in the following page.

Name of the REIT	Date of Listing	Basis for Performance Fee	Performance fee formula
IREIT Global ("I-REIT")	Aug 2014	DPU growth	25.0% of increase in DPU in a financial year over the preceding financial year (calculated before performance fee) multiplied by the weighted average number of Units in issue for such financial year. No performance fee is payable if DPU in any financial year is equal to or less than the DPU in the preceding financial year.
OUE Commercial REIT ("OUEC REIT")	Jan 2014		
Mapletree Greater China Commercial Trust ("MGCC Trust")	Mar 2013		
Frasers Hospitality Trust ("FHT")	Jul 2014	Distributable income	5.5% of distributable income
Starhill Global	Sep 2005	Total return	Tier 1: 5.0% of the amount by which the accumulated return of the Trust Index exceeds the accumulated return of the Benchmark Index, multiplied by the equity market capitalisation of the Trust. Tier 2: 15.0% of the amount by which the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the Benchmark Index, multiplied by the equity market capitalisation of the Trust.
Cambridge Industrial Trust	Jul 2006	DPU growth	25.0% of increase in DPU in a financial year over High DPU Threshold (calculated before performance fee) multiplied by the weighted average number of Units in issue for such financial year.

Source: Annual reports and initial public offering documents of REITs and business trusts.

Based on table above, we note the following:

- (i) The proposed Performance Fee formula is similar to the performance fee formula for I-REIT, OUEC REIT and MGCC Trust; and
- (ii) For FHT, the performance fee paid to its manager is a percentage of its distributable income whereas for Starhill Global the performance fee paid to its manager is along the same lines as that which is presently in place for CIT.

We note that the Proposed Performance Fee Supplement incorporates a feature which means that performance fees are only payable in the event of DPU rising above the High DPU Threshold. The High DPU Threshold has been set as CIT's FY2009 DPU from the outset and can only ratchet upwards. Further, we note that none of the Non-Industrial Singapore Listed Trusts that pay a performance fee based on DPU growth include such a feature; rather they pay performance fees on the year-to-year changes in DPU. In that regard, the Proposed Performance Fee Supplement sets a higher bar for the Manager for a performance fee to be paid.

5.4 Other Relevant Factors

5.4.1 The Performance Fee Waiver

As noted in paragraph 5.1 of this letter, the Manager has agreed to waive its entitlement to Performance Fees for FY2015 and FY2016. The Manager considers that the Performance Fee Waiver period of 2 years is reasonable. There is, to the best of our knowledge, no precedent for a waiver in such a circumstance in Singapore.

5.4.2 The First DPU Threshold

The Manager has agreed that the first Performance Fee under the revised Performance Fee formula will only be payable upon the later of:

- (a) the end of the Performance Fee Waiver period; or
- (b) CIT achieving a DPU of at least 5.357 Singapore cents, being the highest DPU paid in the past six years

(i.e.) a Performance Fee may only be payable in respect of FY2017 if the DPU for that year is in excess of 5.357 Singapore cents and this amount is in excess of the DPU for FY2015 and FY2016.

There is, to the best of our knowledge, no precedent for an initial DPU threshold in Singapore. We note that such a requirement is to the benefit of the Unitholders.

5.4.3 Reset of DPU threshold for payment of Performance Fee

The Proposed Performance Fee Supplement requires CIT to achieve a DPU above the High DPU Threshold (i.e. the actual DPU for any financial year must also exceed the last DPU where Performance Fee was payable to the Manager) in order for the Manager to be entitled to any Performance Fee in that financial year. This in-turn creates a higher DPU threshold for the Manager to be entitled to any Performance Fee.

There is, to the best of our knowledge, no precedent for such a DPU threshold reset in Singapore. We note that such a threshold reset is to the benefit of the Unitholders.

6. EVALUATION OF THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT

In reaching our recommendation in respect of the Proposed Performance Fee Unit Pricing Supplement, we have given due consideration to the following factors:

- (1) Rationale and benefits of the Proposed Performance Fee Supplement; and
- (2) Comparison with the performance fee Unit pricing adopted by other SGX-ST listed REITs and business trusts.

6.1 Rationale and benefits of the Proposed Performance Fee Unit Pricing Supplement

The Manager's rationale for the Proposed Performance Fee Unit Pricing Supplement is set out in paragraph 3.2.1 of the Circular, which has been reproduced below:

"While the Manager currently has the discretion to elect to receive the Performance Fee in cash or Units, or a combination of both, the Manager has to date not elected to receive its Performance Fee in the form as Units. This is because the Trust Deed currently requires that any Units issued to the Manager in payment of a Performance Fee be priced based on the greater of:

- (a) the VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days preceding the last day of the relevant half year (including the last day of the relevant half year) and the VWAP for a Unit for all trades on the SGX-ST in the ordinary course of trading during the five Business Days after the last day of the relevant half year (ten Business Days in total); and*
- (b) the per unit value of the Deposited Property.*

As the per unit value of the Deposited Property (being the gross value of the Deposited Property per Unit, the "Gross Asset Value per Unit") will usually be higher than the VWAP per Unit, this effectively means the issue price of the Performance Fee Units would be the per unit value of the Deposited Property."

The Manager's view of the benefits of the revised Performance Fee Unit Pricing is set out in paragraph 3.2.2 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

6.2 Comparison with the performance fee Unit pricing adopted by other SGX-ST listed REITs and business trusts

We have considered publicly available information on the performance fee Unit pricing of SGX-ST listed REITs and business trusts in order to compare the key commercial terms of the Performance Fee Unit Pricing with the performance fee Unit pricing of the SGX-ST listed REITs and business trusts.

Based on the benchmarking described above, we note the following:

- (i) For 29 of the 36 SGX-ST listed REITs and business trusts, the performance fee unit pricing is based on the 10 Business Days volume-weighted average price ("VWAP") of the units preceding the last day of relevant financial period. This is similar to the Performance Fee Unit Pricing under the Proposed Performance Fee Unit Pricing Supplement;
- (ii) For 6 of the 36 SGX-ST listed REITs and business trusts, the performance fee unit pricing is based upon either the 10 Business Days VWAP preceding the date of issue of new units or the 5 Business Days VWAP preceding the date of issue of new units or the closing prior on the date prior to the issue of the new units;
- (iii) The performance fee unit pricing for Starhill Global is based on the greater of VWAP during the five Business Days preceding the last day of the relevant half year (including the last day of the relevant half year) and the five Business Days after the last day of the relevant half year (10 Business Days in total), and the value of trust property per Unit at the end of the half year and is similar to the existing performance fee unit pricing for CIT; and

- (iv) None of the 35 SGX-ST listed REIT or business trust referred to in point (i) and (ii) have the condition of the greater of VWAP during 10 Business Days VWAP preceding the last day of relevant financial year and the Current Unit Value (i.e. NAV per unit). This is to the benefit of the Unitholders.

7. OUR RECOMMENDATIONS

In arriving at our recommendations, we have taken into account the factors which we consider have a significant bearing on our assessment of the Proposed Trust Deed Supplements including:

In respect of the Proposed Performance Fee Supplement:

1. The rationale and benefits of the Proposed Performance Fee Supplement;
2. 8 of the other 36 SGX-ST listed REITs and business trusts have adopted year-on-year DPU growth as a basis for calculation of their manager's performance fee;
3. 5 out of the 10 REITs and business trusts listed on SGX-ST in 2013 and 2014 have adopted year-on-year DPU growth as a basis for calculation of their manager's performance fee;
4. 5 out of the 9 Comparable Industrial REITs have adopted the year-on-year DPU growth as a basis for calculation of their manager's performance fee;
5. 2 out of the 3 Comparable Industrial REITs listed in 2013 and 2014 have adopted year-on-year DPU growth as a basis for calculation of their manager's performance fee;
6. 5 out of 8 of the SGX-ST listed REITs and business trusts that have adopted the year-on-year DPU growth basis pay performance fees equivalent to 25% of annual DPU growth, which is similar to the Performance Fee under the Proposed Performance Fee Supplement;
7. The proposed Performance Fee incorporates a feature which means that the Performance Fee are payable only in the event of the DPU rising above the High DPU Threshold. The High DPU Threshold has been set as CIT's FY2009 DPU from the outset and can only ratchet upwards. We note that none of the Comparable Industrial REITs that pay a performance fee based on DPU growth include such a feature. In that regard, the Proposed Performance Fee Supplement sets a higher bar for the Manager for a performance fee to be paid;
8. In computing the DPU for the proposed Performance Fee, the Manager's fees (base and performance) will be treated as all being payable in cash and a distribution equivalent to 100% of the taxable income. This approach facilitates a like-for-like basis for comparison in computing the DPU growth;
9. The Manager has agreed to waive its entitlement to Performance Fees for FY2015 and FY2016, a two-year period that the Manager considers is reasonable and, which to the best of our knowledge and under similar circumstances, has no precedent in Singapore;

10. The Manager has agreed that a Performance Fee may only be payable in respect of FY2017 if the DPU for that year is in excess of 5.357 Singapore cents and this amount is in excess of the DPU for FY2015 and FY2016. There is, to the best of our knowledge, no precedent for an initial DPU threshold in Singapore. Such a requirement is to the benefit of the Unitholders; and
11. The Proposed Performance Fee Supplement requires CIT to achieve a DPU above the High DPU Threshold. There is, to the best of our knowledge, no precedent for such a DPU threshold reset in Singapore. Such a threshold reset is to the benefit of the Unitholders.

In respect of the Proposed Performance Fee Unit Pricing Supplement:

1. The rationale and benefit of the Proposed Performance Fee Unit Pricing Supplement;
2. For 29 of the other 36 SGX-ST listed REITs and business trusts, the performance fee unit pricing is based on the 10 Business Days VWAP of the units preceding the last day of relevant financial period;
3. For 6 of the other 36 SGX-ST listed REITs and business trusts, the performance fee unit pricing is based upon either the 10 Business Days VWAP preceding the date of issue of new units or the 5 Business Days VWAP preceding the date of issue of new units or the closing prior on the date prior to the issue of the new units; and
4. None of the 35 SGX-ST listed REIT or business trust referred to in point (2) and (3) have the condition of the greater of VWAP during 10 Business Days VWAP preceding the last day of relevant financial year and the Current Unit Value (i.e. NAV per unit). This is to the advantage of the Unitholders.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that: (i) the Proposed Performance Fee Supplement to the Trust Deed; and (ii) the proposed Performance Fee Unit Pricing Supplement to the Trust Deed are on normal commercial terms and will not be prejudicial to CIT and its minority Unitholders who are not interested persons. Accordingly, we advise that the Independent Directors recommend that the Unitholders vote in favour of the Proposed Trust Deed Supplements.

Our recommendations are addressed to the Independent Directors and the Trustee for their benefit, in connection with and for the purposes of their consideration of the Proposed Trust Deed Supplements. Any recommendations made by the Independent Directors in respect of the Proposed Trust Deed Supplements shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Jeff Pirie
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Cambridge Industrial Trust (“**CIT**”) will be held at STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Tuesday, 19 May 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

EXTRAORDINARY RESOLUTIONS

(1) THE PROPOSED PERFORMANCE FEE SUPPLEMENT TO THE TRUST DEED

That:

- (i) approval be and is hereby given to amend the trust deed dated 31 March 2006 constituting CIT (as amended) (the “**Trust Deed**”) with the Performance Fee Supplement (as defined in the Circular) in the manner set out in Appendix A of the Circular; and
- (ii) Cambridge Industrial Trust Management Limited, as manager of CIT (the “**Manager**”), any director of the Manager, and RBC Investor Services Trust Singapore Limited, in its capacity as trustee of CIT (the “**Trustee**”) be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of CIT to give effect to the Performance Fee Supplement.

(2) THE PROPOSED PERFORMANCE FEE UNIT PRICING SUPPLEMENT TO THE TRUST DEED

That:

- (i) approval be and is hereby given to amend the Trust Deed with the Performance Fee Unit Pricing Supplement (as defined in the Circular) in the manner set out in Appendix B of the Circular; and
- (ii) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of CIT to give effect to the Performance Fee Unit Pricing Supplement.

BY ORDER OF THE BOARD

Cambridge Industrial Trust Management Limited

(Company Registration No. 200512804G, Capital Markets Services licence no.: 100132-2)

as manager of Cambridge Industrial Trust

Philip Henry Lewis Levinson

(Chief Executive Officer and Executive Director)

Singapore

22 April 2015

Notes:

- 1 A unitholder of CIT ("**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.
- 2 The instrument appointing a proxy must be lodged at the Unit Registrar's office at 63 Cantonment Road, Singapore 089758 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
- 3 Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

Personal Data Privacy

- 4 By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

This page has been intentionally left blank.