SIAS Pre-EGM Event
11 May 2015
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Resolution 1 – Proposed Performance Fee Supplement
Rationale for Changing the Performance Fee Structure

Existing Performance Fee Structure:

• Complex and difficult to understand.
• Less transparent and open-ended with no effective upper boundary to the amount of performance fees.
• Not fully aligned with CIT’s performance.
Revised Performance Fee Structure

DPU Growth Model

1. Performance fee is pegged to the DPU growth of CIT:
   • Rate of 25% of the DPU growth compared with the High DPU Threshold.
   • Payable only if CIT’s DPU exceeds the High DPU Threshold.
   • Performance Fee to be determined and paid after each financial year.

2. The High DPU Threshold was initially set at 5.357* Singapore cents. However, the Manager agreed to unilaterally waive its entitlement to Performance Fees until DPU exceeds 6.000 Singapore cents.

3. Voluntary waiver of the Manager’s entitlement to Performance Fees for the financial years ending 31 December 2015 and 31 December 2016.

4. DPU excludes distribution of capital gains, capital and any one-off income of CIT, and is adjusted for Management Fees payable in Units.

*5.357 cents was the highest DPU achieved since FY2009.
Revised Performance Fee Structure

No Performance Fees until DPU exceeds 6.000 cents

Manager’s Unilateral Undertaking to waive Performance Fees until DPU exceeds 6.000 cents

THE CHART ABOVE 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.

*Performance Fees waived by CIT Manager for FY 2015 & FY2016
Benefits to Unitholders

Revised Performance Fee Formula

• Easier to understand and more transparent.

• Closer alignment of the interest of the Manager and Unitholders.

• More reflective of CIT’s performance.

• Performance Fee is only payable when DPU exceeds 6.000 Singapore cents.

• DPU growth model in line with S-REIT market practice, High DPU Threshold sets a higher standard.
Resolution 2 – Proposed Performance Fee Unit Pricing Supplement
Rationale for Changing the Performance Fee Unit Pricing Formula

• Existing pricing calculation is ineffective in providing an option to receive Performance Fees in Units.

• Provides the Manager with the flexibility to receive Performance Fees in Units or Cash.

• Unit Issue Price amended will be in line with market practice, providing a fairer reflection of market price of Units.

• Better alignment of the interest of the Manager and Unitholders.
Issue price of Performance Fee Units to be issued is to be the greater of:

1. 10 day VWAP of the relevant financial year*; and

2. The Current Unit Value# (effectively the Net Asset Value per Unit) at the end of the financial year.

* Last 10 business days including the last day of the relevant financial year.
#This refers to the value of the Deposited Property, less the Liabilities.
Benefits to Unitholders

Revised Performance Fee Unit Pricing Formula

• Provides a fair reflection of the market price of the Units.

• Encourages the Manager to elect to receive some or all of its Performance Fee in Units which would in turn make more cash available in CIT.

• Units will be issued at or above the NAV per unit. This will prevent dilution to the NAV per Unit, and continues to act as a safeguard to Unitholders.

• Closer alignment of the interest of the Manager and Unitholders.

• In line with S-REIT market practice.
Thank You!
Appendix
Existing Performance Fee Structure

Total Return Outperformance over Benchmark

- Performance fee payable where CIT Trust Index outperforms Benchmark Index:
  - Performance measured on a Total Return basis (DPU plus change in unit price).
  - High water-mark adjusted (cumulative outperformance since IPO).
  - Benchmark index consists of largest 9 REITs in Singapore by market capitalisation.

- Performance Fee is calculated in two tiers (Tier 1 and Tier 2) based on:

  \[
  \text{Tier Outperformance} \% \times 5\% \times \text{Market Capitalisation of CIT}
  \]

- Calculated on a half-yearly basis.

- Both indices are maintained independently by FTSE.
Existing Performance Fee Unit Pricing Formula

Issue price of the Units to be the greater of:

(a) The 10 day Volume Weighted Average Price (VWAP) per Unit.
(5 days preceding* and 5 days after the last Business Day of the relevant half year.)

(b) The per unit Value of the Deposited Property (being the Gross Asset Value per Unit)

*Including the last day of the relevant half year.
Comparison of Existing and Proposed Performance Fee Unit Pricing Formula

Implications: Existing formula does not provide a fair reflection of the market price of the Units because:

- The per unit Value of the Deposited Property (the gross asset value per Unit) will usually be higher than the VWAP per Unit due to CIT’s borrowings.

- This effectively means the issue price of the Performance Fee Units would be the Gross Asset Value (GAV) per Unit.

- The revised formula will provide a better reflection of CIT’s Units which also works to encourage the manager to receive Performance Fees in Units.
Further Information

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