



SGX-ST Announcement

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR FY 2020/21

YTL Starhill Global REIT Management Limited, in its capacity as manager of Starhill Global Real Estate Investment Trust (“**Starhill Global REIT**” and as manager of Starhill Global REIT, the “**Manager**”), wishes to announce the following in response to following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the annual report of Starhill Global REIT for the financial year ended 30 June 2021 (the “**Annual Report**”).

Query (i)

Provision 2.4 of the Code of corporate governance 2018 (the “**Code**”) states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Please state if the Company has a formal board diversity policy and clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Response

The Manager has a formal board diversity policy, which as disclosed on page 103 of the Annual Report, provides that the Board should comprise of Directors with a broad range of commercial experience including expertise in fund management and experience in all facets of the property or real estate industry. The size of the Board and core competencies of its members in various fields of accountancy, finance, business management and law, together with their relevant industry knowledge and strategic planning experience, effectively serve Starhill Global REIT and the Manager. The profiles of the Directors are set out on pages 22 to 23 of the Annual Report.

The Board is of the view that its current composition comprises persons who, as a group, provide the necessary core competencies and that the current Board size is appropriate, taking into consideration the scale, nature and scope of Starhill Global REIT’s operations.

While the Board is presently composed of Directors of the same gender, on page 105 of the Annual Report, it was also disclosed that in the identification of potential new Directors, potential Directors of both genders will be considered, but the ultimate choice will primarily be based on merit. In addition,

gender diversity among executive officers set out on pages 24 to 25 of the Annual Report, ensures that alternative and constructive views are provided to the Board during the decision making process.

Further elaboration on the appropriate level of independence of the Board was also disclosed on pages 102 to 103 of the Annual Report, including the appointment of a Lead Independent Director.

In view of the above disclosures, the Manager is of the view that the practices that the Company have adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition.

Query (ii)

Provision 8.1 of the Code states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to (i) the amount of remuneration of the CEO; and (ii) the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Response

The Manager disclosed on page 108 of the Annual Report that the Board has assessed and decided against the disclosure of the remuneration of the CEO and key management personnel (“KMP”) (who are not the CEO or Directors) on a named basis, whether in exact quantum or in bands of S\$250,000 and of the aggregate total remuneration paid to the top five KMP because it is not in the Manager’s best interest to do so, taking into account *inter alia* the commercial sensitivity and confidential nature of remuneration matters, the presence of highly competitive conditions for talent in the industry, which is relatively small, the importance of ensuring stability and continuity of business operations of Starhill Global REIT with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent on a long-term basis.

In addition, sufficient information is provided on the Manager’s remuneration policy to enable Unitholders to understand the link between the remuneration paid to the CEO and KMP (who are not the CEO or Directors) and performance. The Manager has also disclosed on pages 107 to 108 of the Annual Report the components of the CEO’s and KMPs’ remuneration, comprising fixed remuneration components, variable bonus payments, and a long-term deferred bonus scheme to retain selected key management executives and talent. Variable bonus payments are subject to achievement of Starhill Global REIT’s

distribution per unit, the Manager's profit after tax targets and other long-term targets approved by the Board, with substantial emphasis on the performance of Starhill Global REIT to align employee interests with the interests of Unitholders. In approving the variable bonus for FY 2020/21, the Board had taken into account the extent to which the performance targets have been met, and is of the view that remuneration is aligned to performance during FY 2020/21. The disclosure of these performance targets showed the relationship between the CEO's and the KMP's remuneration and the performance and long-term value creation for Starhill Global REIT.

The Manager is of the view that the above disclosures provide transparency on the Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

By Order of the Board
YTL Starhill Global REIT Management Limited
(*Company registration no. 200502123C*)
(as Manager of Starhill Global Real Estate Investment Trust)

Lam Chee Kin
Joint Company Secretary
13 October 2021

About Starhill Global REIT

Starhill Global REIT is a Singapore-based real estate investment trust investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 10 properties in Singapore, Australia, Malaysia, China and Japan, valued at about S\$3.0 billion.

These comprise interests in Wisma Atria and Ngee Ann City on Orchard Road in Singapore, Myer Centre Adelaide, David Jones Building and Plaza Arcade in Adelaide and Perth, Australia, The Starhill and Lot 10 in Kuala Lumpur, Malaysia, a retail property in Chengdu, China and two properties in Tokyo, Japan. Starhill Global REIT remains focused on sourcing attractive property assets in Singapore and overseas, while driving organic growth from its existing portfolio, through proactive leasing efforts and creative asset enhancements.

Starhill Global REIT is managed by an external manager, YTL Starhill Global REIT Management Limited, of which all of its shares are indirectly held by YTL Corporation Berhad.

Important Notice

The value of units in Starhill Global REIT (“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, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Starhill Global REIT), or any of their affiliates. An investment in Units is subject to investment risks, including possible delays in repayment, loss of income or principal invested. The Manager and its affiliates do not guarantee the performance of Starhill Global REIT or the repayment of capital from Starhill Global REIT or any particular rate of return. Unitholders have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST.

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. This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Starhill Global REIT is not indicative of the future performance of Starhill Global REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, outbreak of contagious diseases or pandemic, interest rate and foreign exchange trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.