



SPH REIT MANAGEMENT PTE. LTD.
(Registration No: 201305497E)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX QUERY
ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020**

SPH REIT Management Pte Ltd, as manager of SPH REIT (the “**Manager**”), wishes to announce the following in response to a query from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on SPH REIT’s annual report for the financial year ended 31 August 2020 (the “**Annual Report**”):

Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the REIT had not fully complied with Provision 8.1 of the Code with regards to the disclosure of remuneration for key management personnel, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code.

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 reasons for deviating from Provision 8.1 of the Code are set out at page 107 of the Annual Report, as follows:

1. the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of SPH REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager gets from SPH REIT have been disclosed under the “Interested person/interested party transactions” section of the Annual Report;
2. remuneration matters for the CEO and each of the executive officers are highly confidential and sensitive matters;

3. there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of SPH REIT and is paid out of the assets of the Manager and not out of SPH REIT; and
4. such disclosure may have negative impact on the Manager in attracting and retaining talent for the Manager on a long-term basis, taking into consideration factors such as the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment in which the Manager operates, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place.

Although the remuneration and breakdown thereof in respect of key management personnel have not been disclosed in the Annual Report, the Annual Report sets out the remuneration policy, including the key objectives of the policy, considerations that are taken into account in fixing remuneration packages and mix of remuneration. The Board is of the view that the disclosures set out at pages 105 to 107 of the Annual Report would provide unitholders with sufficient understanding of the Manager's remuneration policies, level and mix of remuneration, procedure for setting remuneration, and the relationships between remuneration, performance and value creation, and are therefore consistent with the intent of Principle 8 of the Code.

By Order of the Board
SPH REIT Management Pte Ltd
as manager of SPH REIT

Sheryl Cher Ya Li
Company Secretary
23 November 2020

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The value of Units and the income derived from them, if any, may fall or 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the "SGX-ST"). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.