

**CIRCULAR DATED 26 SEPTEMBER 2019**

**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. 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, you should immediately forward 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.



(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

**MANAGED BY**

**YTL STARHILL GLOBAL REIT MANAGEMENT LIMITED**

(Company Registration Number 200502123C)

**CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED DEVELOPMENT  
MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED**

**Independent Financial Adviser to the Independent Directors and  
Audit Committee of YTL Starhill Global REIT Management Limited and  
HSBC Institutional Trust Services (Singapore) Limited (as trustee of Starhill Global REIT)**

**Deloitte & Touche Corporate Finance Pte Ltd**

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for lodgement of Proxy Forms	:	<b>27 October 2019 at 12:00 p.m.</b>
Date and time of Extraordinary General Meeting	:	<b>29 October 2019 at 12:00 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of Starhill Global REIT to be held at 11:00 a.m. on the same day and at the same place)</b>
Place of Extraordinary General Meeting	:	<b>Grand Mandarin Ballroom Level 6, Main Tower Mandarin Orchard Singapore 333 Orchard Road Singapore 238867</b>

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## CORPORATE INFORMATION

<b>Directors of YTL Starhill Global REIT Management Limited (the “Directors”)</b>	: Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping (Non-Executive Chairman) Mr Ho Sing (Chief Executive Officer and Executive Director) Dato’ Yeoh Seok Kian (Non-Executive Director) Mr Tan Bong Lin (Lead Independent Director) Mr Ching Yew Chye (Independent Director) Mr Tan Woon Hum (Independent Director)
<b>Registered Office of the Manager</b>	: 391B Orchard Road #21-08 Ngee Ann City Tower B Singapore 238874
<b>Trustee of Starhill Global REIT (the “Trustee”)</b>	: HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #13-02 HSBC Building Singapore 049320
<b>Legal Adviser to the Manager</b>	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Trustee</b>	: Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>Independent Financial Adviser to the Independent Directors and Audit Committee of the Manager and to the Trustee</b>	: Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
<b>Unit Registrar</b>	: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

## INDICATIVE TIMETABLE

The timetable for the Extraordinary General Meeting (“**EGM**”) of Starhill Global Real Estate Investment Trust (“**Starhill Global REIT**”) is indicative only and is subject to change at the Manager’s absolute discretion. Any changes to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 27 October 2019 at 12:00 p.m.
Date and time of the EGM	: 29 October 2019 at 12:00 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of Starhill Global REIT to be held at 11:00 a.m. on the same day and at the same place)



(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 8 August 2005 (as amended))

#### **Directors of the Manager**

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping  
(Non-Executive Chairman)  
Mr Ho Sing (Chief Executive Officer and Executive Director)  
Dato' Yeoh Seok Kian (Non-Executive Director)  
Mr Tan Bong Lin (Lead Independent Director)  
Mr Ching Yew Chye (Independent Director)  
Mr Tan Woon Hum (Independent Director)

#### **Registered Office**

391B Orchard Road  
#21-08 Ngee Ann City Tower B  
Singapore 238874

26 September 2019

To: Unitholders of Starhill Global REIT

Dear Sir/Madam

#### **1. SUMMARY OF APPROVAL SOUGHT**

The Manager is convening the EGM to seek Unitholders' approval for the proposed Development Management Fee Supplement (as defined herein) which constitutes an interested person transaction (Extraordinary Resolution).

#### **2. THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED**

##### **2.1 The Proposed Development Management Fee Supplement**

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of Starhill Global REIT. The Manager proposes to charge a development management fee equivalent to 3.0% of the total project costs incurred in development projects undertaken and managed by the Manager on behalf of Starhill Global REIT (the "**Development Management Fee**").

In addition, when the estimated total project costs are greater than S\$200.0 million, the Trustee and the independent directors of the Manager (the "**Independent Directors**"), currently being Mr Tan Bong Lin, Mr Ching Yew Chye and Mr Tan Woon Hum will first review and approve the quantum of the Development Management Fee payable to the Manager, whereupon the Manager may be directed by the Independent Directors to reduce the Development Management Fee. The Independent Directors will have the final say on the quantum of Development Management Fee payable to the Manager.

For the purpose of calculating the Development Management Fee, "total project costs" means the sum of the construction costs, principal consultants' fees, cost of obtaining all approvals for the development project (including but not limited to any differential premium or development charge payable), site staff costs, interest costs and any other costs which meet the definition of total project costs and can be capitalised to the development project in accordance with generally accepted accounting principles in Singapore. For the avoidance of doubt, total project costs shall not include land costs.

The Development Management Fee shall be payable in the form of cash and/or units in Starhill Global REIT (“Units”) (as the Manager may elect) and in equal monthly instalments over the construction period of each development project based on the Manager’s best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or paid by the Manager when the total project costs is finalised. Development Management Fee is being paid out on a monthly basis and not based on the progress of construction as it is practically difficult to adjust payment of Development Management Fee based on the progress of construction given that the development management work done by the Manager may not be entirely aligned with the progress of construction. For example, more strategic planning may be required to be performed by the Manager prior to the start of the project where construction has yet to commence. The Manager is of the view that the monthly payment of Development Management Fee is in line with practices by certain other real estate investment trusts that are listed in Singapore.

The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere.

Please see **Appendix B** for details of the Development Management Fee Supplement.

## **2.2 Responsibilities of the Manager as Development Manager**

As development manager, the Manager shall be responsible for providing development management services such as:

- (a) conducting feasibility studies and reviewing the overall business plan of the development project;
- (b) overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- (c) making site selection and negotiating with government authorities on land allocation and planning conditions;
- (d) appointing and working closely with service providers including but not limited to the project manager, architect, engineers and consultants to ensure that the consultants’ duties are carried out in accordance with professional standards, and to carry out relevant value engineering to ensure a cost-efficient building;
- (e) providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- (f) reporting and making recommendations to the Trustee (as defined herein) on a regular basis, in particular, on the cost and progress of the development project;
- (g) attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration; and

- (h) where a prospective master lessee/operator/tenant is involved:
- a. establishing the prospective master lessee/operator/tenant's real estate requirements;
  - b. liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
  - c. establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
  - d. finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

The Manager will remain at all times responsible for its obligations set out above. The Manager will take into account Starhill Global REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities. The Property Funds Appendix stipulates that the total contract value of property development activities undertaken should not exceed 10.0% of the property fund's deposited property but such development limit can be increased to up to 25.0% of the property fund's deposited property subject to certain conditions.

### **2.3 Rationale for the Proposed Development Management Fee Supplement**

Where opportunities arise, the Manager intends to complement its existing strategy of investing primarily in real estate which is mainly used for retail and/or office purposes by enhancing the ability of Starhill Global REIT to undertake development activities. For the avoidance of doubt, development activities are not a diversification of Starhill Global REIT's mandate as the Property Funds Appendix allows all REITs to undertake development activities subject to certain limits and the Manager will comply with the requirements of the Property Funds Appendix in undertaking development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take up to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in paragraph 2.2 above) is significantly more than the services rendered for an acquisition.

The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to holders of Units (the "**Unitholders**") as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of Starhill Global REIT's portfolio, as the case may be, and provide growing distributions to Unitholders. In the event that the Manager decides to undertake a development project, it will ensure that it has suitably qualified staff with the relevant background and expertise in relation to development activities.

The Manager is also of the view that the proposed fee payment arrangement is in line with practices by certain other real estate investment trusts that are listed in Singapore.

## 2.4 Application of Development Management Fee

A Development Management Fee is chargeable for all development projects undertaken by the Manager on behalf of Starhill Global REIT which include the redevelopment of an existing property. However, the Manager will not receive a Development Management Fee for activities involving refurbishment, retrofitting and renovations. In determining whether a project is a development project or an activity involving refurbishment, retrofitting and renovation, the Manager will take into account various factors including but not limited to (i) the extent of gross floor area and/or net lettable area created by the project; (ii) the extent of replacement of structural works and external walls; and/or (iii) the extent of demolition, reconstruction or addition to the building.

In the past, project management fees have been paid to project managers out of the deposited property of Starhill Global REIT for activities including development, redevelopment, refurbishment, retrofitting and renovations which are undertaken by the project manager on behalf of Starhill Global REIT. Where project management fees are being paid to an Interested Person (as defined herein), the transaction would be subject to the requirements of the Listing Manual and the Manager's internal controls for interested person transactions, including review or approval of the interested person transaction by the audit committee of the Manager (the "**Audit Committee**"), depending on the value of the transaction. Such practices will continue to be implemented by the Manager for all project management fees payable in the future.

A project manager will be appointed when Starhill Global REIT undertakes a project, be it development project or non-development project (e.g. renovation, retrofitting and refurbishment). For the avoidance of doubt, a project manager will still be appointed in the event the Manager undertakes development activities as the project manager's scope of duties differ from that of the Manager (as the development manager) notwithstanding that there may be certain areas of overlap. The development manager is primarily concerned with ascertaining commercial feasibility based on financial and market analysis, overall planning execution and monitoring control and negotiation with authorities while the project manager is primarily concerned with on-site supervision and implementation of construction works. The project manager appointed by Starhill Global REIT may be a third-party or an Interested Person (as defined herein), such as YTL Starhill Global Property Management Pte. Ltd. which is the existing property manager for Starhill Global REIT's Singapore portfolio.

Development management may at times contain certain aspects of project management. In order to ensure that there is no double-payment of fees for the same services provided, where Development Management Fees are payable to the Manager, there will not be any additional project management fees payable to the project manager and *vice versa*.

Where the project manager is appointed by Starhill Global REIT, project management fees payable to the project manager will be paid by the Manager to the project manager out of the deposited property of Starhill Global REIT but such amount to be deducted from the Development Management Fee payable to the development manager accordingly.

## 2.5 Advice of the Independent Financial Adviser

The Manager has appointed Deloitte & Touche Corporate Finance Pte Ltd (the "**Independent Financial Adviser**") to advise the Trustee and the Independent Directors of the Manager as to whether the proposed entry into the Development Management Fee Supplement by the Trustee, which is an "interested person transaction" under Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"), is on normal commercial terms and whether it is prejudicial to the interests of Starhill Global REIT and its minority Unitholders.



Having considered the principal terms of the proposed Development Management Fee Supplement, evaluated the proposed Development Management Fee Supplement and subject to the assumptions and qualifications set out in its letter (the “**IFA Letter**”) and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the proposed Development Management Fee Supplement is on normal commercial terms and not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

The IFA Letter, containing its advice in full, is set out in **Appendix A** of this Circular.

### **3. RECOMMENDATION**

The Independent Directors and the Audit Committee (comprising Mr Tan Bong Lin, Mr Ching Yew Chye, and Mr Tan Woon Hum) have considered the relevant factors, including:

- (i) the opinion of the Independent Financial Adviser that the proposed Development Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its minority Unitholders; and
- (ii) the rationale for the proposed Development Management Fee Supplement as set out in Paragraph 2.3 above,

and are of the opinion that the proposed Development Management Fee Supplement is based on normal commercial terms and would not be prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote in favour of the Extraordinary Resolution in relation to the proposed Development Management Fee Supplement.

### **4. EXTRAORDINARY GENERAL MEETING**

The EGM will be held on 29 October 2019 at 12:00 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of Starhill Global REIT to be held at 11:00 a.m. on the same day and at the same place) at Grand Mandarin Ballroom, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 for the purpose of considering and, if thought fit, passing with or without modification, the Extraordinary Resolution in the Notice of EGM, which is set out on pages C-1 and C-2 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the EGM.

## 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

### 5.1 Interests of Directors

Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests and voting rights of the directors of the Manager ("Directors") as at the Latest Practicable Date are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units	% <sup>1</sup>
	No. of Units	% <sup>1</sup>	No. of Units	% <sup>1</sup>		
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	–	–	–	–	–	–
Mr Ho Sing	150,000	0.007	54,000 <sup>2</sup>	0.002	204,000	0.009
Dato' Yeoh Seok Kian	–	–	–	–	–	–
Mr Tan Bong Lin	–	–	–	–	–	–
Mr Ching Yew Chye	–	–	–	–	–	–
Mr Tan Woon Hum	–	–	–	–	–	–

**Notes:**

- 1 The percentage interest is based on total issued Units of 2,181,204,435 as at the Latest Practicable Date
- 2 Mr Ho Sing is deemed interested in the 54,000 Units held by his spouse, Ms Tay Soo Sien.

### 5.2 Interests of Substantial Unitholders

Based on the information available to the Manager, the direct and deemed interests and voting rights of the Substantial Unitholders of Starhill Global REIT as at the Latest Practicable Date are as follows:

Name	Direct interest		Deemed interest		Total no. of Units	% <sup>1</sup>
	No. of Units	% <sup>1</sup>	No. of Units	% <sup>1</sup>		
YTL Hotels & Properties Sdn Bhd	130,140,379 <sup>2</sup>	5.97	–	–	130,140,379	5.97
Starhill Global REIT Investments Limited	539,840,000 <sup>3</sup>	24.75	–	–	539,840,000	24.75
YTL Cayman Limited	18,000,000 <sup>4</sup>	0.83	552,777,885 <sup>5</sup>	25.34	570,777,885	26.17
YTL Corporation Berhad	80,054,810 <sup>6</sup>	3.67	728,904,432 <sup>7</sup>	33.42	808,959,242	37.09
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	–	–	808,959,242 <sup>8</sup>	37.09	808,959,242	37.09
Yeoh Tiong Lay & Sons Family Holdings Limited	–	–	808,959,242 <sup>8</sup>	37.09	808,959,242	37.09

Name	Direct interest		Deemed interest		Total no. of Units	% <sup>1</sup>
	No. of Units	% <sup>1</sup>	No. of Units	% <sup>1</sup>		
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	–	–	808,959,242 <sup>8</sup>	37.09	808,959,242	37.09
Yeoh Tiong Lay & Sons Trust Company Limited	–	–	808,959,242 <sup>8</sup>	37.09	808,959,242	37.09
AIA Singapore Private Limited	161,070,000 <sup>9</sup>	7.38	–	–	161,070,000	7.38
AIA Company Limited	3,500,000 <sup>10</sup>	0.16	161,070,000 <sup>11</sup>	7.38	164,570,000	7.54
AIA Group Limited	–	–	164,570,000 <sup>12</sup>	7.54	164,570,000	7.54
AIA Investment Management Private Limited	–	–	164,570,000 <sup>13</sup>	7.54	164,570,000	7.54

**Notes:**

- 1 The percentage interest is based on total issued Units of 2,181,204,435 as at the Latest Practicable Date.
- 2 This relates to the 130,140,379 Units held through nominee, Raffles Nominees (Pte) Limited.
- 3 This relates to the 539,840,000 Units held through nominee, Raffles Nominees (Pte) Limited.
- 4 This relates to the 18,000,000 Units held through nominee, Raffles Nominees (Pte) Limited.
- 5 Deemed interest in 539,840,000 Units held by Starhill Global REIT Investments Limited (“**SGRIL**”) and 12,937,885 Units held by YTL Starhill Global REIT Management Limited (“**YSGRM**”).
- 6 This relates to 80,054,810 Units held through nominee, Raffles Nominees (Pte) Limited.
- 7 Deemed interest in 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTL Hotels & Properties Sdn Bhd (“**YTLHP**”) and 27,986,168 Units held by Business & Budget Hotels (Penang) Sdn Bhd (“**BBHP**”).
- 8 Deemed interest in 80,054,810 Units held by YTL Corporation Berhad, 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTLHP and 27,986,168 Units held by BBHP.
- 9 This relates to the 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
- 10 This relates to the 3,500,000 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.
- 11 Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
- 12 Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd, and 3,500,000 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.
- 13 AIA Investment Management Private Limited assumed investment management of the Units for its clients.

## 6. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, the Manager is an indirect wholly-owned subsidiary of YTL Corporation Berhad (the “**Sponsor**”) and the Sponsor holds an aggregate interest of approximately 37.09% in Starhill Global REIT and is deemed to be a Controlling Unitholder (as defined herein) of Starhill Global REIT.

Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any Director from voting their own 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 a meeting of Unitholders and such persons must not accept appointments as proxies unless specific instructions as to voting are given.

The relevant associates of the Sponsor (other than the Manager) which hold Units are YTL Cayman Limited, YTLHP, SGRIL, and BBHP.

The Manager is considered an “interested person” of Starhill Global REIT for the purposes of Chapter 9 of the Listing Manual. Given that the proposed Development Management Fee Supplement directly affects the Manager’s fees, the Development Management Fee Supplement will constitute an “interested person transaction” under Chapter 9 of the Listing Manual. As such, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on the Extraordinary Resolution and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the Extraordinary Resolution unless specific instructions as to voting are given.

## **7. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM 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 registered office of Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not later than 27 October 2019 at 12:00 p.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of any of the resolutions must decline to accept appointments as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

## **8. 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 proposed Development Management Fee Supplement, Starhill Global REIT 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 the Circular in its proper form and context.

## **9. CONSENT**

The Independent Financial Adviser 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 they are included in this Circular.

## **10. DOCUMENTS ON DISPLAY**

A copy of the IFA Letter is available for inspection during normal business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874 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 Starhill Global REIT continues to be in existence.

Yours faithfully

YTL Starhill Global REIT Management Limited  
(as manager of Starhill Global REIT)  
(Company Registration No. 200502123C)

**Ho Sing**  
Executive Director and Chief Executive Officer

## IMPORTANT NOTICE

This Circular does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Starhill Global REIT in Singapore or any other jurisdictions. 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, the Trustee, or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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. 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 Circular 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, 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM 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:

<b>%</b>	:	Per centum or percentage
<b>Audit Committee</b>	:	The audit committee of the Manager, comprising Mr Tan Bong Lin, Mr Ching Yew Chye and Mr Tan Woon Hum
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This circular to Unitholders dated 26 September 2019
<b>Controlling Shareholder</b>	:	A person who:  (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or  (b) in fact exercises control over a company
<b>Controlling Unitholder</b>	:	A person who:  (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or  (b) in fact exercises control over the property fund
<b>Development Management Fee</b>	:	The development management fee payable to the Manager
<b>Development Management Fee Supplement</b>	:	The proposed amendment to the Trust Deed for the purpose of allowing the Manager to receive development management fees for development projects undertaken and managed by the Manager on behalf of Starhill Global REIT as set out in Appendix B of this Circular
<b>Directors</b>	:	The directors of the Manager
<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be held at Grand Mandarin Ballroom, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 29 October 2019, at 12:00 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of Starhill Global REIT to be held at 11:00 a.m. on the same day and at the same place), to approve the Extraordinary Resolution set out in the Notice of Extraordinary General Meeting on pages C-1 and C-2 of this Circular

<b>Extraordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 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
<b>IFA Letter</b>	:	The letter from the Independent Financial Adviser to the Independent Directors, the Audit Committee and the Trustee containing its advice as set out in Appendix A of this Circular
<b>Independent Directors</b>	:	The independent Directors of the Manager, being Mr Tan Bong Lin, Mr Ching Yew Chye and Mr Tan Woon Hum
<b>Independent Financial Adviser</b>	:	Deloitte & Touche Corporate Finance Pte Ltd
<b>Interested Person</b>	:	As stated in the Listing Manual, in the case of a real estate investment trust, has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, interested person means: <ul style="list-style-type: none"> <li>(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or</li> <li>(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund</li> </ul>
<b>Latest Practicable Date</b>	:	19 September 2019, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	:	The listing manual of the SGX-ST
<b>Manager</b>	:	YTL Starhill Global REIT Management Limited, in its capacity as manager of Starhill Global REIT
<b>MAS</b>	:	Monetary Authority of Singapore
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>Sponsor</b>	:	YTL Corporation Berhad
<b>Starhill Global REIT</b>	:	Starhill Global Real Estate Investment Trust
<b>Substantial Unitholder</b>	:	A Unitholder with an interest in more than 5.0% of all Units in issue



<b>Trust Deed</b>	:	The trust deed dated 8 August 2005 entered into between the Trustee and the Manager constituting Starhill Global REIT (as amended, restated or supplemented from time to time)
<b>Trustee</b>	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT
<b>Unit</b>	:	A unit representing an undivided interest in Starhill Global REIT
<b>Unitholders</b>	:	Unitholders of Starhill Global REIT

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 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 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. Unless otherwise stated in this Circular, where applicable, figures and percentages are rounded to one decimal place.

## INDEPENDENT FINANCIAL ADVISER'S LETTER

### DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200200144N)

26 September 2019

The Independent Directors and Audit Committee  
YTL Starhill Global REIT Management Limited  
(as Manager of Starhill Global Real Estate Investment Trust)  
391B Orchard Road  
#21-08 Ngee Ann City Tower B  
Singapore 238874

HSBC Institutional Trust Services (Singapore) Limited  
(as Trustee of Starhill Global Real Estate Investment Trust)  
21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

Dear Sirs

#### THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED CONSTITUTING STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 26 September 2019 to the Unitholders of Starhill Global Real Estate Investment Trust (the “Circular”).*

#### 1. INTRODUCTION

Starhill Global Real Estate Investment Trust (“**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 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 ten properties in Singapore, Australia, Malaysia, China and Japan valued at about S\$3,064.9 million as at 30 June 2019.

This letter has been prepared for inclusion in the Circular to be issued by YTL Starhill Global REIT Management Limited (the “**Manager**”), the manager of Starhill Global REIT, in connection with the proposed Development Management Fee Supplement to introduce the Development Management Fee (the “**Proposed Amendment**”). The Proposed Amendment is an interested person transaction under Chapter 9 of the Listing Manual and so will be subject to the approval by the Unitholders.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**Deloitte**”), have been appointed as independent financial adviser (“**IFA**”) pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors of the Manager (the “**Independent Directors**”), the Audit Committee of the Manager (the “**Audit Committee**”) and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT (the “**Trustee**”) as to whether the Proposed Amendment in respect of the Development Management Fee is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

This letter sets out our evaluation for the Independent Directors, the Audit Committee and the Trustee in respect of this engagement and is an integral part of the Circular.

## **2. TERMS OF REFERENCE**

Our responsibility is to provide our opinion as to whether the Proposed Amendment in respect of the Development Management Fee is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

We were neither a party to the negotiations entered into in relation to the Proposed Amendment nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Proposed Amendment.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Amendment. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager and their advisors. 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 Starhill Global REIT. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Amendment nor on the future value, financial performance or condition of Starhill Global REIT after the Proposed Amendment.

It is also not within our terms of reference to compare the merits of the Proposed Amendment to any alternative arrangements that were or may have been available to Starhill Global REIT. Such comparison and consideration remain the responsibility of the Directors and their advisors.

We have relied upon and assumed the accuracy of the relevant information, both written and verbal provided to us by any third parties and have not independently verified such information, whether written or verbal and accordingly cannot and do not warrant and do not accept any responsibility for the accuracy, completeness and adequacy of such information.

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 Amendment has been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transaction 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 exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or 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 Starhill Global REIT.

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 19 September 2019 (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 Amendment which may be released by the Manager after the Latest Practicable Date.

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 the 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 advisor or other professional advisors.

Our opinion in relation to the Proposed Amendment as set out under paragraph 5 of this letter should be considered in the context of the entirety of our advice. This letter is prepared pursuant to Listing Rule 921(4)(a) as well as for the benefit and use by the Independent Directors, the Audit Committee of the Manager and for the Trustee and will be incorporated as an Appendix to the Circular. The Manager may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for matters relating to the Proposed Amendment, without our prior written consent in each instance.

### **3. DETAILS OF THE PROPOSED AMENDMENT TO THE TRUST DEED**

#### **3.1. Principal Terms of the Proposed Amendment to the Trust Deed**

The Manager proposes to supplement the Trust Deed to introduce a development management fee (the “**Development Management Fee**”) in respect of development projects undertaken for and managed by the Manager on behalf of Starhill Global REIT. Such Development Management Fee shall be charged at 3.0% of the total project costs incurred, such fee being subject to review by the Trustee and the Independent Directors in the event that total project costs of a development project exceed S\$200 million.

The Development Management Fee shall be chargeable for all development projects undertaken by the Manager on behalf of Starhill Global REIT, which will include redevelopment of an existing property owned by Starhill Global REIT. The Manager will not receive a Development Management Fee for the refurbishment, retrofitting and renovation of existing properties owned by Starhill Global REIT.

Total project costs for this purpose shall be the sum of construction costs, principal consultants’ fees, costs of obtaining approvals for the development (including, but not limited to, any differential premium or development charge payable), site staff costs, interest costs

and such other costs which meet the definition of total project costs and can be capitalised to the development project in accordance with generally accepted accounting principles in Singapore. For the avoidance of doubt, total project costs shall not include land costs.

In the event total project costs exceed S\$200 million, the Trustee and the Independent Directors shall review and approve the quantum of the Development Management Fee payable to the Manager. The Independent Directors shall have the discretion to direct the Manager to reduce the Development Management Fee where they believe an arms-length arrangement would result in such lower fee.

The Development Management Fee shall be payable in the form of cash and/or units in Starhill Global REIT as the Manager may elect and in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final settlement of the balance when total project costs are finalised. The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere.

In the past, Starhill Global REIT has paid project management fees out of the deposited property for activities including development, redevelopment, refurbishment, retrofitting and renovations which are undertaken by the project manager on its behalf. Where paid to an Interested Person, the transaction has and will be subject to the requirements of the Listing Manual and the Manager's internal controls for interested person transactions, including the review and/or approval of the transaction by the Audit Committee depending on the value of the transaction. Such practices will continue to be implemented by the Manager for all project management fees payable in the future. Where Development Management Fees shall be payable to the Manager, no additional project management fees will be payable to the project manager (and vice versa).

### **3.2. Responsibilities of Manager in respect of development management services**

In undertaking the role of development manager, the Manager shall provide development management services including, but not limited to:

- i. conducting feasibility studies and reviewing the overall business plan of the development project;
- ii. overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- iii. making site selection and negotiating with government authorities on land allocation and planning conditions;
- iv. appointing and working closely with service providers including but not limited to the project manager, architect, engineers and consultants to ensure that the consultants' duties are carried out in accordance with professional standards and to carry out relevant value engineering to ensure a cost-efficient building;
- v. providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- vi. reporting and making recommendations to the Trustee (as defined herein) on a regular basis, in particular, on the cost and progress of the development project;

- vii. attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration;
- viii. where a prospective master lessee/operator/tenant is involved:
  - a. establishing the prospective master lessee/operator/tenant's real estate requirements;
  - b. liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
  - c. establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
  - d. finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

The Manager will remain at all times responsible for its obligations set out above. The Manager will take into account Starhill Global REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities.

#### **4. EVALUATION OF THE PROPOSED AMENDMENT TO THE TRUST DEED CONSTITUTING STARHILL GLOBAL REIT**

In our evaluation of the Proposed Amendment, we have given due consideration to, *inter alia*, the following factors:

- i. The rationale for the Proposed Amendment;
- ii. Circumstances where a Development Management Fee is applicable;
- iii. The definition of total project costs;
- iv. The fee rate of the Development Management Fee;
- v. The threshold for review by the Independent Directors; and
- vi. Separation of Development Management Fee and project management fees;

##### **4.1. The Rationale for the Proposed Amendment**

Where such opportunities arise, the Manager intends to complement its existing strategy of investing primarily in real estate which is mainly used for retail and/or office purposes by undertaking development activities for and on behalf of Starhill Global REIT.

The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Unitholders as development projects have the potential to provide significant returns to augment the income derived from acquisitions, to contribute to improving the net asset value of Starhill Global REIT's portfolio and to provide growing distributions to Unitholders.

Unlike acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The time taken between identification of a development opportunity and its confirmation as a project can take a year and sometimes longer. From confirmation as a project to the completion of construction, the development management process may take up to 36 months depending on the size, complexity and location. By way of comparison, the time frame for acquisitions may be as short as three to six months from the initial inspection until completion.

Development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The range and depth of service rendered for a development project is significantly greater than for an acquisition.

#### 4.2. Selection of comparable trusts

In arriving at our recommendation, we have drawn comparison of the Proposed Amendment to the practices in place in respect of certain REITs listed on the Mainboard of the SGX-ST.

Development management fees are an evolving component of property fund fee structures as sponsors and managers have responded to regulatory change on development activity. For the comparisons with the 43 Comparable Trusts (as defined herein), we have relied on IPO prospectuses, circulars, annual reports and other public documents (“**Source Documents**”) which detail disclosures in relation to development management fees. As such, we have taken a broad view of comparability and so have included all trusts holding real property assets (“**Comparable Trusts**”) for our comparisons and excluded only those holding transport and communication infrastructure assets<sup>1</sup>. Note that we have had access only to public disclosures and that this work should not be taken to imply that no development management, project management or similar fees are payable by the Comparable Trusts unless disclosed in these Source Documents.

Of the 43 Comparable Trusts and in respect of development management and project management fees payable to interested persons, we note that:

- 11 have provided for development management fees only;
- 11 have provided for both development management and project management fees;
- 8 have explicitly provided for project management fees only; and
- 13 do not have explicit disclosures in respect of development management fees or project management fees.

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<sup>1</sup> Comparable Trusts are Accordia Golf Trust, AIMS APAC REIT, ARA US Hospitality Trust, Ascendas Hospitality Trust, Ascendas India Trust, Ascendas REIT, Ascott Residence Trust, BHG Retail REIT, Cache Logistics Trust, CapitaLand Commercial Trust, CapitaLand Mall Trust, CapitaLand Retail China Trust, CDL Hospitality Trusts, Cromwell European REIT, Dasin Retail Trust, Eagle Hospitality Trust, EC World REIT, ESR-REIT, Far East Hospitality Trust, First REIT, Fortune REIT, Frasers Centrepoint Trust, Frasers Commercial Trust, Frasers Hospitality Trust, Frasers Logistics & Ind Trust, IREIT Global, Keppel DC REIT, Keppel REIT, Keppel Pacific Oak US Reit, Lippo Malls Indo Retail Trust, Manulife US REIT, Mapletree Commercial Trust, Mapletree Industrial Trust, Mapletree Logistics Trust, Mapletree North Asia Commercial Trust, QUE Commercial REIT, ParkwayLife REIT, Prime US REIT, Sabana REIT, Sasseur REIT, Soilbuild REIT, SPH REIT and Suntec REIT



Of the 22 Comparable Trusts<sup>2</sup> which have provided either for development management fees only or both development management and project management fees, 18 disclosed such fee(s) in their IPO prospectuses as part of their flotations on SGX-ST. The remaining 4 Comparable Trusts (being Mapletree Logistics Trust, Ascendas REIT, CDL Hospitality Trust and ESR REIT) have introduced development management fees by way of supplements to their trust deeds. Further analysis in paragraphs 4.3 to 4.7 of this letter will focus on these 22 Comparable Trusts.

#### **4.3. Circumstances where a development management fee is applicable**

We note that the Manager proposes to define a development project as a project involving the development of land or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust. It specifies that such development shall always comply with the Property Funds Appendix. It specifically excludes refurbishment, retrofitting and renovations of existing properties owned by Starhill Global REIT.

We have reviewed the definitions of the circumstances where a development management fee is payable for each of the Comparable Trusts and note the following:

- i. Generally, the circumstances where a development management fee is payable for each of the Comparable Trusts is in line with that proposed by the Manager;
- ii. 13 of 22 Comparable Trusts specifically exclude less significant works as for the Proposed Amendment;
- iii. 7 of 22 Comparable Trusts include circumstances where less significant works if the work is deemed as “major” (with no further definition of that term). For these Comparable Trusts, there may be more circumstances which would attract a development management fee vis-à-vis the Proposed Amendment;
- iv. Dasin Retail Trust does not explicitly define a development project but broadly includes all works; and
- v. Soilbuild Business Space REIT specifically excludes from such circumstances if the activity does not increase gross floor area.

#### **4.4. The definition of total project costs**

We note that the Manager proposes to define total project costs as the sum of the following:

- i. Construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- ii. Principal consultants’ fees including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- iii. The cost of obtaining all approvals for the project (including, but not limited to, any differential premium or development charge payable);
- iv. Site staff costs;

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<sup>2</sup> Details of the 22 Comparable Trusts which have development management fees and relevant Source Document extracts are provided in Schedule I



- v. Interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- vi. Any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore

We note that such definition shall not include land costs (including but not limited to the acquisition price or underlying value of such land).

We have reviewed the definition of total project costs for each of the Comparable Trusts and note the following:

- i. Generally, the definition of total project costs is fairly standard across the Comparable Trusts;
- ii. The major area of difference is the treatment of land costs;
- iii. 15 of 22 of the Comparable Trusts exclude land cost from the calculation of total project costs, as is the case with the Proposed Amendment,
- iv. 6 of 22 of the Comparable Trusts use a broader definition of total project costs which includes land cost; and
- v. Mapletree Industrial Trust does not define total project costs in such a way which is clear as to whether land costs are included.

#### **4.5. The fee rate of the Development Management Fee**

We note that The Manager proposes to charge a Development Management Fee at the rate of 3.0% of total project costs. We have reviewed rate at which the Comparable Trusts charge development management fees and note that 21 of 22 of the Comparable Trusts charge a development management fee of 3.0% of the total project costs incurred in development projects. Dasin Retail Trust charges a development management fee equivalent to 3.5% of the total cost of development incurred in developments.

#### **4.6. The threshold for review by the Independent Directors**

As the quantum of development management fees is calculated as a fixed percentage of total project costs, larger projects may attract a fee that is disproportionately large in absolute terms.

We note that the Manager proposes that the Development Management Fee shall be subject to review by the Trustee and the Independent Directors in the event that total project costs of a development project exceed S\$200 million.

We have considered the thresholds for review by the independent directors of the Comparable Trusts and note the following:

- i. In all but one circumstance, there is an arrangement for review of development management fees by independent directors above a threshold of total project costs;
- ii. The range of such thresholds of total project costs is between S\$100 million and S\$200 million;

- iii. 16 of 22 of the Comparable Trusts have a threshold for review of S\$100 million or US\$100 million;
- iv. 5 of 22 of the Comparable Trusts have a threshold for review of S\$200 million; and
- v. Dasin Retail Trust does not have a review limit explicitly specified.

#### **4.7. Separation of Development Management Fee and project management fees**

A development project may potentially attract both a development management fee and project management fee. We note that the Proposed Amendment explicitly precludes concurrent payment of both the Development Management Fee and a project management fee in respect of the same project.

We have reviewed the practices disclosed for the Comparable Trusts in respect of the separation of development management fees and project management fees payable to interested persons and note the following:

- 5 of 22 of the Comparable Trusts explicitly preclude payment of both fees for the same project, as is proposed for the Proposed Amendment;
- Cromwell European REIT does not explicitly preclude concurrent payment of both fees for the same project but, owing to the definitions of projects for development management fees and for project management fees, it appears unlikely that both fees may be paid for the same project;
- 11 of the 22 Comparable Trusts explicitly provide for a development management fee only; and
- 5 of 22 of the Comparable Trusts do not explicitly address the issue of concurrent payment of both fees for the same project.

### **5. OUR RECOMMENDATION**

In arriving at our recommendations, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Amendment:

- i. The rationale for the Proposed Amendment;
- ii. The circumstances where the Development Management Fee is applicable proposed by the Manager appears to be generally in line with the practices in place for Comparable Trusts;
- iii. The definition of total project costs proposed by the Manager is generally in line with such definitions in place for Comparable Trusts. It accords with the majority of such Comparable Trusts in that such definition excludes land costs;
- iv. The fee rate for the Development Management Fee proposed by the Manager is in line with those in place for Comparable Trusts;
- v. The threshold for review proposed by the Manager is in line with, but at the upper end of, the thresholds in place for Comparable Trusts; and
- vi. The practice of either charging a Development Management Fee or a project management fee (but not both) proposed by the Manager appears to be in line with the practices in place for the majority of the Comparable Trusts.

Having given due consideration to the above and subject to the qualifications set out herein and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Amendment is on normal commercial terms and is not prejudicial to Starhill Global REIT and its minority Unitholders. Accordingly, we are of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the Proposed Amendment to be proposed at the Extraordinary General Meeting.

Our recommendation is addressed to the Independent Directors, the Audit Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Amendment. Any recommendation made by the Independent Directors and the Audit Committee in respect of the Proposed Amendment shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is 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

## SCHEDULE I – DETAILS OF STARHILL GLOBAL REIT, THE COMPARABLE TRUSTS AND RELEVANT TERMS OF THE PROPOSED AMENDMENT

Note, with the exception of italicised text, the columns titled Development Management Fee, Definition of Development Project, Definition of Total Project Costs and Concurrent Project Management Fees contains generally unaltered extracts from Source Documents<sup>3</sup>. Italicised text in these columns is Deloitte commentary.

Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Starhill Global REIT Listed in September 2005	1,657.7	3,142.0	3.0% of the Total Project Costs incurred in a Development Project undertaken and managed by the Manager on behalf of the Trust	"Development Project" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	"Total Project Costs" means the sum of the following:  (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project (including but not limited to any differential premium or development charge payable); (iv) site staff costs; (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)	S\$200 million	Where Development Management Fees are payable to the Manager, there will not be any project management fees payable to the project manager and vice versa.

<sup>3</sup> Capitalised text in this section may not have the same as in the body of this IFA letter or Circular. No changes have been made except removing Source Document internal references and other changes for clarity

<sup>4</sup> Market capitalisation as at market close on the Latest Practicable Date; Total assets based on latest available reported financial results at Latest Practicable Date

<sup>5</sup> Market capitalisation and total assets are in Singapore dollars unless otherwise specified

<sup>6</sup> Total Project Cost limit for which larger projects will require Independent Directors and Trustee approval

Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
<p>ARA US Hospitality Trust</p> <p>Listed in May 2019</p>	<p>US\$501.2 million</p>	<p>US\$763.0 million</p>	<p>3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the REIT Manager or the Trustee-Manager (as the case may be) on behalf of ARA H-REIT and/or ARA H-BT</p>	<p>"Development Project", means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by ARA H-REIT and/or ARA H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that in the context of the ARA H-REIT, the Property Funds Appendix shall be complied with for the purposes of such development</p>	<p>"Total Project Costs" means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed general contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor, interior designer, developer and project manager;</li> <li>• the cost of obtaining all approvals and entitlements for the project;</li> <li>• initial working capital, pre-opening expenses and franchise fees;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with the International Financial Reporting Standards; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards,</li> </ul> <p>but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)</p>	<p>US\$100 million</p>	<p>No interested person project management fees disclosed</p>

Name of Trust	Market Cap <sup>4.5</sup> (\$\$ Million)	Total Assets <sup>5</sup> (\$\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Ascendas REIT Listed in November 2002	9,680.7	12,055.8	3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust	A Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	<p><b>"Total Project Costs"</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>• land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;</li> <li>• Principal Consultants Fees includes payments to the project's architect, civil &amp; structural engineer, mechanical &amp; electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles ("GAAP"); and</li> <li>• any other costs which meet the definition of total project costs and can be capitalised to the project in accordance with GAAP</li> </ul>	S\$100 million	<p>No explicit statement whether Development Project Management fees are payable</p> <p>Assumed both fees are concurrently payable</p>
Ascendas Hospitality Trust Listed in March 2012	1,240.1	1,909.6	3.0% of the total project costs (which includes land cost) incurred in a Development Project (as defined herein) undertaken by the REIT Manager on behalf of A-HREIT	<b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by A-HREIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	<p>Not explicitly defined however specific mention of total project costs being inclusive of land costs.</p> <p><b>"land cost"</b> refers to all the costs associated with the acquisition of the land (including the purchase price) on which the property will be developed. For redevelopment of existing properties, <b>"land cost"</b> refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the redevelopment, but does not include the value of the land.</p>	S\$200 million	No interested person project management fees disclosed

Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
BHG Retail REIT Listed in December 2015	345.1	978.9	3.0% of the Total Project Costs incurred in a Project (each as defined herein) undertaken by the Manager on behalf of BHG Retail REIT	"Development Project", in relation to BHG Retail REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by BHG Retail REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works.	"Total Project Costs" means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.  For the avoidance of doubt, land costs (including but not limited to the acquisition price or underlying value of such land) will not be included in the computation of Total Project Cost.	S\$100 million	There will not be any project management fees payable to the Property Manager in respect of the same project where there are development management fees payable to the Manager.

Name of Trust	Market Cap <sup>4,5</sup> (\$\$ Million)	Total Assets <sup>5</sup> (\$\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
CDL Hospitality Trust Listed in June 2006	1,975.0	2,972.5	3.0% of the Total Project Costs incurred in a Development Project (as defined herein) undertaken on behalf of H-REIT or HBT Trustee-Manager on behalf of H-REIT or HBT respectively	<p><b>"Development Project"</b> means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works;</p>	<p><b>"Total Project Costs"</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>• land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land;</li> <li>• principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• taxes payable in connection with the project;</li> <li>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and</li> <li>• any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore</li> </ul>	S\$200 million	No interested person project management fees disclosed



Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Cromwell European REIT Listed in March 2006	€1,245.8 million	€1,942.1 million	3.0% of the Total Project Costs incurred in a Development Project (each defined herein) undertaken by the Manager on behalf of CEREIF (less any development management fee paid to the Property Manager)	<p><b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by CEREIF, provided always that the Property Funds Appendix shall be compiled with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.</p>	<p><b>"Total Project Costs"</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor, project manager, planning consultant, principal designer, highways engineer and any environmental, archaeology and acoustic consultants but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to Clause 15.6.6 of the Trust Deed;</li> <li>• the costs of obtaining all approvals for the project;</li> <li>• site staff costs; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore,</li> </ul> <p>but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land), nor interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore.</p>	S\$200 million	<p>Concurrent payment of project management fees not explicitly prohibited</p> <p>However, as Development Management Fees are NOT payable on refurbishment, retrofitting and renovations and Project Management Fees are only payable on refurbishment, retrofitting, addition and alteration or renovation works, it is implied that there is unlikely to be concurrent payment of a Development Management and Project Management Fee</p> <p>For the purposes of our analysis, assumed the two fees are not concurrently payable</p>
Dasin Retail Trust Listed in January 2016	550.4	1,547.9	3.5% of the total costs of development	<p>Not fully defined however relevant disclosure extracted below.</p> <p>[F]or any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property</p>	<p>Not fully defined however, where available, exclusions are extracted below.</p> <p>[E]xcluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development</p>	Not disclosed	No interested person project management fees disclosed

Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Eagle Hospitality Trust Listed in April 2019	US\$569.0 million	US\$1,353.5 million	3.0% of the Total Project Costs incurred in a Project (each as defined herein) undertaken by the REIT Manager on behalf of EH-REIT	"Development Project", in relation to EH-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EH-REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting, addition and alteration and renovations works	<b>"Total Project Costs"</b> means the sum of the following: (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with International Financial Reporting Standards; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with International Financial Reporting Standards but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)	US\$100 million	No interested person project management fees disclosed
EC World REIT Listed in July 2016	584.9	1,514.2	3.0% of the Total Project Costs incurred in a Project (each as defined herein) undertaken by the Manager on behalf of EC World REIT	"Development Project" in relation to EC World REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, either directly or indirectly, by one or more SPVs, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	<b>"Total Project Costs"</b> means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards.  For the avoidance of doubt, the computation of Total Project Costs will not include land costs	S\$100 million	Where project management fees are payable to the Property Manager for a Development Project, there will not be any development management fees payable to the Manager for the same Development Project and vice versa

Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
ESR REIT Listed in July 2006	1,827.0	3,287.1	3.0% of the Total Project Costs incurred in a Development Project undertaken by the ESR-REIT Manager	<p><b>"Development Project"</b> means a project involving the development or redevelopment of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations</p>	<p><b>"Total Project Costs"</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>(i) construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>(ii) land costs, including acquisition price, differential premium or development charge where applicable. For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, land costs refer to all costs associated with land such as any payment of additional premium or amounts to governmental, statutory and regulatory authorities in connection with the redevelopment, but does not include the value of the land. For avoidance of doubt, there will be no land cost component for land which has been allocated at no cost to the Trust for built-to-suit developments;</li> <li>(iii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>(iv) the cost of obtaining all approvals for the project;</li> <li>(v) site staff costs;</li> <li>(vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</li> <li>(vii) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the Development Project in accordance with generally accepted accounting practices in Singapore." </li></ul>	S\$100 million	<p>No explicit statement whether Development Project Management fees are payable</p> <p>Assumed both fees are concurrently payable</p>

Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Far East Hospitality Trust Listed in August 2012	1,307.2	2,692.8	3.0% of the Total Project Costs incurred in a Project (each as defined herein) undertaken by the REIT Manager on behalf of Far East H-REIT	"Development Project", in relation to Far East H-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development	"Total Project Costs" means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore	S\$100 million	No interested person project management fees disclosed
Frasers Hospitality Trust Listed in June 2014	1,354.4	2,457.6	3.0% of the Total Project Costs incurred in a Project (each as defined herein) undertaken by the REIT Manager on behalf of FH-REIT	"Development Project", in relation to FH-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development	"Total Project Costs" means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.  For the avoidance of doubt, land costs will not be included in the computation of Total Project Costs	S\$200 million	No interested person project management fees disclosed

Name of Trust	Market Cap <sup>4,5</sup> (\$\$ Million)	Total Assets <sup>5</sup> (\$\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Fraser's Logistics & Industrial Trust Listed in June 2006	2,698.7	A\$3,143.1 million	3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the REIT Manager on behalf of FLT	"Development Project" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FLT, provided always that the Property Funds Appendix shall be compiled with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	"Total Project Costs" means the sum of the following: <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices; and</li> <li>• any other costs including contingency expenses which can be capitalised to the project in accordance with generally accepted accounting practices.</li> </ul> For the avoidance of doubt, land costs (including but not limited to the acquisition price or underlying value of such land) will not be included in the computation of Total Project Costs	S\$200 million	Where project management fees are payable to the Australian Property Manager or the Property Manager, as the case may be, there will not be any development management fees payable to the REIT Manager in respect of the same project and vice versa
IREIT Global Listed in August 2014	480.2	€554.9 million	3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the Manager on behalf of IREIT	"Development Project", in relation to IREIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by IREIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	"Total Project Costs" means the sum of the following: <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the costs of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with International Financial Reporting Standards; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with International Financial Reporting Standards</li> </ul>	S\$100 million	No interested person project management fees disclosed

Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Keppel Pacific Oak US Reit Listed in November 2017	US\$620.2 million	US\$1,125.8 million	3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of Keppel-KBS US REIT	<b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Keppel-KBS US REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	<b>"Total Project Costs"</b> means the sum of the following: <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with the International Financial Reporting Standards; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards,</li> </ul> but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)	US\$100 million	No interested person project management fees disclosed
Keppel DC REIT Listed in December 2014	2,799.2	2,265.2	3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of Keppel DC REIT	<b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Keppel DC REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	<b>"Total Project Costs"</b> means the sum of the following: <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)</li> </ul>	S\$100 million	Project management fees disclosed relate only to two specific assets. For the purposes of our analysis, assumed that there are no other interested person project management fees

Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Mapletree Industrial Trust Listed in October 2010	4,938.3	4,635.1	3.0% of the total project costs incurred in a Development Project (as defined herein) undertaken by the Manager on the behalf of MIT	<b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by MIT, provided always that the Property Funds Appendix shall be compiled with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	Not explicitly defined	\$100 million	No explicit statement whether Development Project Management fees are payable  Assumed both fees are concurrently payable
Mapletree Logistics Trust Listed in March 2006	5,860.4	8,011.7	3% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust	<b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be compiled with for the purposes of such development, but does not include refurbishment, retrofitting and renovations	<b>"Total Project Costs"</b> means the sum of the following: <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>• land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;</li> <li>• principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with GAAP; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with GAAP</li> </ul>	\$100 million	No explicit statement whether Development Project Management fees are payable  Assumed both fees are concurrently payable



Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
OUE Commercial REIT Listed in January 2014	2,931.0	4,572.1 <sup>7</sup>	3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the Manager on behalf of OUE C-REIT	"Development Project", in relation to OUE C-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by OUE C-REIT, including major development, redevelopment, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development	"Total Project Costs" means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.  For the avoidance of doubt, land costs will not be included in the computation of Total Project Costs	S\$100 million	Where project management fees are payable to the Property Manager, there will not be any Development Management Fee payable to the Manager and vice versa

<sup>7</sup> Reflects the latest interim financial information as reported by OUE Commercial REIT. Excludes the impact of the merger between OUE Commercial REIT and OUE Hospitality REIT



Name of Trust	Market Cap <sup>4,5</sup> (\$ Million)	Total Assets <sup>5</sup> (\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Prime US REIT Listed in July 2019	US\$836.1 million	US\$1,250.2 million	3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of Prime US REIT	<p><b>"Development Project"</b> means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Prime US REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations</p>	<p><b>"Total Project Costs"</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on actual borrowings used to finance project cash flows (excluding equity capital) that are capitalised to the project in line with the International Financial Reporting Standards; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards,</li> </ul> <p>but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land)</p>	US\$100 million	No interested person project management fees disclosed
Sasseur REIT Listed in March 2018	949.3	1,695.3	3.0% of the Total Project Costs incurred in Development Projects (as defined herein) undertaken on behalf of Sasseur REIT	<p><b>"Development Project"</b> in relation to Sasseur REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Sasseur REIT, either directly or indirectly, by one or more SPV, provided that the Property Funds Appendix shall be complied with for the purposes of such development including major development, re-development, addition and alteration works</p>	<p><b>"Total Project Costs"</b> is defined in the Trust Deed to mean the sum of the following:</p> <ol style="list-style-type: none"> <li>construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>the cost of obtaining all approvals for the project;</li> <li>site staff costs;</li> <li>interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</li> <li>any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore</li> </ol>	S\$100 million	Where project management fees are payable to the Property Manager(s), there will not be any Development Management Fees payable to the Manager in respect of the same project and vice versa

Name of Trust	Market Cap <sup>4,5</sup> (S\$ Million)	Total Assets <sup>5</sup> (S\$ Million)	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>6</sup>	Concurrent Project Management Fees
Soilbuild Business Space REIT Listed in August 2013	673.9	1,286.8	3.0% of the total project costs incurred in Development Projects undertaken and managed by the Manager on behalf of Soilbuild REIT	<p>"Development Project" means a project involving the development or redevelopment of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Soilbuild REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations, save for works that result in additional GFA.</p>	<p>"Total project costs" is defined in the Trust Deed to mean the sum of the following:</p> <ul style="list-style-type: none"> <li>(i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>(ii) land costs (including purchase price and differentiated premium or development charge where applicable). For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, "land cost" refers to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the redevelopment, but does not include the value of the land;</li> <li>(iii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, M&amp;E engineer, quantity surveyor and project manager;</li> <li>(iv) the cost of obtaining all approvals for the project;</li> <li>(v) site staff costs;</li> <li>(vi) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</li> <li>(vii) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.</li> </ul>	S\$100 million	<p>No explicit statement whether Development Management and Project Management fees are payable</p> <p>Assumed both fees are concurrently payable</p>

## THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED

The proposed form of the amendments to the Trust Deed, subject to Unitholders passing the resolutions to approve the proposed Development Management Fee Supplement is as set out below. For the avoidance of doubt, all terms and definitions used in this Appendix B shall have the same meaning and construction as stated in the Trust Deed.

- that Clause 1.1 of the Deed be amended by inserting the following definitions of “Development Management Fee” and “Development Project” immediately after the definition of “Depository Requirements”:

“Development Management Fee” means the development management fee payable to the Manager which is determined in accordance with Clause 15.6;

“Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;”

- that Clause 1.1 of the Deed be amended by inserting the following definition of “Total Project Costs” and “Development Project” immediately after the definition of “Tax Ruling”:

“Total Project Costs” means the sum of the following:

- (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project (including but not limited to any differential premium or development charge payable);
- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land);”

- that Clause 4.3.15 of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:

“**4.3.15** the Management Fees comprising the Base Fee and the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee pursuant to Clause 15 and the remuneration of the Trustee pursuant to Clause 16;”

- that Clause 5.2.6(iv) of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:

“(iv) The Issue Price of any Unit issued in payment of the Manager’s Base Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee under Clause 15 shall be the Market Price determined in accordance with Clause 5.2.4. The Issue Price of any Unit in payment of the Manager’s Performance Fee under Clause 15 shall be determined in accordance with Clause 15.1.2. Only this Clause 5.2.6(iv), Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), Clause 5.2.7(ii)(a) and Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee.”

- that Clause 5.2.7(i)(a) of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:

“(a) the issue (together with any other issue of Units in the same Financial Year other than by way of a rights issue offered on a *pro rata* basis to all existing Holders, including Units issued to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee) is of Units which in aggregate value would not, immediately after the issue, exceed 10 per cent. (or such other percentage as may, from time to time, be permitted by the Authority) of the Value of the Deposited Property (including the value of any property acquired or to be acquired by the Trust pursuant to which the new Units are to be issued) provided that the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20 per cent. (or such other percentage of outstanding Units as may, from time to time, be permitted by the SGX-ST or any other relevant Recognised Stock Exchange) of the outstanding Units. Only Clause 5.2.6(iv), this Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), Clause 5.2.7(ii)(a) and Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee; and”

- that Clause 5.2.7(i)(b) of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:

“(b) such an issue is made at a discount to the Market Price, the discount does not exceed such percentage as may be prescribed under the Listing Rules. Only Clause 5.2.6(iv), Clause 5.2.7(i)(a), this Clause 5.2.7(i)(b), Clause 5.2.7(ii)(a) and Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee; and”

- that Clause 5.2.7(ii)(a) of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:
 

“(a) the issue of Units exceeds any of the thresholds in Clauses 5.2.7(i)(a) and 5.2.7(i)(b). Only Clause 5.2.6(iv), Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), this Clause 5.2.7(ii)(a) and Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee;”
- that Clause 5.2.7(ii)(b) of the Trust Deed be amended to reflect the addition as indicated in underline below and the deletions indicated by the text in strikethrough below:
 

“(b) the issue of Units made to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee exceeds any of the thresholds in Clauses 5.2.7(i)(a) and 5.2.7(i)(b). Only Clause 5.2.6(iv), Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), Clause 5.2.7(ii)(a) and this Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee, ~~or Divestment Fee~~ or Development Management Fee;”
- that Clause 15 of the Trust Deed be amended by inserting the following new sub-clause immediately after Clause 15.5 of the Trust Deed and the subsequent sub-clauses be re-numbered accordingly:

**“15.6 Development Management Fee**

- 15.6.1 The Manager is entitled to receive for its own account out of the Deposited Property a development management fee (“Development Management Fee”) equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken and managed by the Manager on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$200.0 million, the Trustee and the Manager’s independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee.
- 15.6.2 Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of Schedule 1.
- 15.6.3 The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager’s best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. The amount of the Development Management Fee (if any) payable to the Manager shall be exclusive of 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. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

15.6.4 Subject to the Property Funds Appendix, the Development Management 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, such election to be made prior to the payment of the Development Management Fee). When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Development Management Fee at the prevailing Market Price at the time of issue of such Units as determined under Clause 5.2.4<sup>1</sup>. Without prejudice to the generality of the foregoing, the Units in payment of the Development Management Fee may, at the option of the Manager, be issued at the time of the issue of Units for payment of the Base Fee, or if the Base Fee is paid wholly in cash, within 30 days after the last day of each calendar quarter. In the event payment is to be made in the form of Units and the Holders' approval for the issuance of Units is required but not obtained, then payment of that excess part of the Development Management Fee will be paid in the form of Cash.

15.6.5 A Development Management Fee is chargeable for all Development Projects undertaken by the Manager on behalf of Starhill Global REIT which include the redevelopment of an existing property. However, the Manager will not receive a Development Management Fee for activities involving refurbishment, retrofitting and renovations.

15.6.6 For the avoidance of doubt, the Manager may at its sole discretion appoint one or more service providers to perform all or some of the development management services provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s)."

- that Clause 20.1 of the Trust Deed be amended by inserting the following new sub-clause 20.1.24 immediately after Clause 20.1.23 of the Trust Deed and the subsequent clause be renumbered accordingly:

**20.1.24** provide development management services to the Trust in respect of Development Projects undertaken and managed by the Manager on behalf of the Trust; and"

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<sup>1</sup> For the purposes of Clause 5.2.4, "Market Price" shall mean (i) the volume weighted average price for a Unit (if applicable, of the same class) for all trades on the SGX-ST or any other recognised stock exchange in the ordinary course of trading for the period of 10 business days immediately preceding the date of issuance of the Development Management Fee Units and, if applicable, in accordance with the Listing Rules or for such other period of business days as may be permitted by any other relevant recognised stock exchange; or (ii) an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee) if the Manager believes that the calculation of Unit issue price in (i) does not provide a fair reflection of the market price of a Unit.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of the unitholders (“**Unitholders**”) of Starhill Global Real Estate Investment Trust (“**SGR**”) will be held on 29 October 2019 at 12:00 p.m. at Grand Mandarin Ballroom, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 (or immediately after the conclusion or adjournment of the annual general meeting of SGR to be held at 11:00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing, with or without modifications, the following Extraordinary Resolution (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular to Unitholders dated 26 September 2019):

### **THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT (EXTRAORDINARY RESOLUTION)**

RESOLVED that:

- (i) approval be and is hereby given to supplement the Trust Deed with the proposed Development Management Fee Supplement in the manner as set out in Appendix B of the Circular; and
- (ii) YTL Starhill Global REIT Management Limited, in its capacity as manager of SGR (the “**Manager**”), any director of the Manager (“**Director**”), and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of SGR (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 or, as the case may be, the Trustee may consider expedient or necessary or in the interests of SGR to give effect to the proposed Development Management Fee Supplement.

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

Singapore

26 September 2019



**Important Notice:**

- 1 A Unitholder who is not a relevant intermediary entitled to attend and vote at the Extraordinary General Meeting (“EGM”) is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
- 2 A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

**“Relevant Intermediary”**

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore; or
  - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3 The instrument appointing a proxy or proxies (the “Proxy Form”) must be deposited at the office of SGR’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the EGM.

**Personal Data Privacy**

- 4 By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.



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## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to Proxy Form

1. A unitholder of SGR (“**Unitholder**”) who is not a relevant intermediary entitled to attend and vote at the Extraordinary General Meeting (“**EGM**”) is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a Unitholder.
  4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of SGR, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
  5. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Unit Registrar’s registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the EGM.
  6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with YTL Starhill Global REIT Management Limited, as manager of SGR (the “**Manager**”)), be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
  8. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the EGM.
  9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
  10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
  11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
  12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.
  13. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the EGM are requested to submit in writing, a list with details of the CPF/SRS investors’ names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach SGR’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 27 October 2019 at 12:00 p.m., being 48 hours before the time fixed for the EGM.

# Starhill Global Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

## Proxy Form

### Extraordinary General Meeting

(Before completing this form, please read the notes behind)

#### IMPORTANT

1. A relevant Intermediary may appoint more than two proxies to attend and vote at the Extraordinary General Meeting (please see Note 2 for the definition of "Relevant Intermediary").
  2. For CPF/SRS investors who have used their CPF monies to buy Units in SGR, this Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
  3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
  4. PLEASE READ THE NOTES TO THE PROXY FORM.
- Personal data privacy**
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 26 September 2019.

I/We \_\_\_\_\_ (Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number) of \_\_\_\_\_

\_\_\_\_\_ (Address)  
being a unitholder/unitholders of Starhill Global Real Estate Investment Trust ("SGR"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Lead Independent Director of YTL Starhill Global REIT Management Limited (as manager of SGR), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of SGR to be held on 29 October 2019 at 12:00 p.m. at Grand Mandarin Ballroom, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 (or immediately after the conclusion or adjournment of the annual general meeting of SGR to be held at 11:00 a.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

No.	Extraordinary Resolution	No. of Votes For*	No. of Votes Against*
1.	To approve the Development Management Fee Supplement to the Trust Deed		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Units held

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal



Fold flap

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2<sup>nd</sup> fold here

Affix  
Postage  
Stamp

**STARHILL GLOBAL REAL ESTATE  
INVESTMENT TRUST**  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

3<sup>rd</sup> fold here