

Singapore Governance and Transparency Index (SGTI) Methodology (Trust-Specific Items)



Centre for Governance and Sustainability
NUS Business School



SGTI Scoring Structure for REITs and Business Trusts

The SGTI assesses corporate governance disclosures and practices for all Singapore-listed companies, based on publicly available information. In addition to SGX listing rules and the Code of Corporate Governance, REITs and Business Trusts have to adhere to additional guidelines and rules such as the Code on Collective Investment Schemes and the Business Trust Act. These additional elements are reflected in the new questions on the questionnaire.

REITs and Business Trusts are assessed on corporate governance disclosures via both the questions in the SGTI base score [maximum 75 points] and trust-specific items in the SGTI base score [maximum 25 points]. These two sets of questions form the base score [maximum 100 points].

The final SGTI score for REITs and Business Trusts will incorporate both the base score and the adjustments for bonuses and penalties [maximum 43 points].

The overall scoring structure is summarised in Figure 1 below.

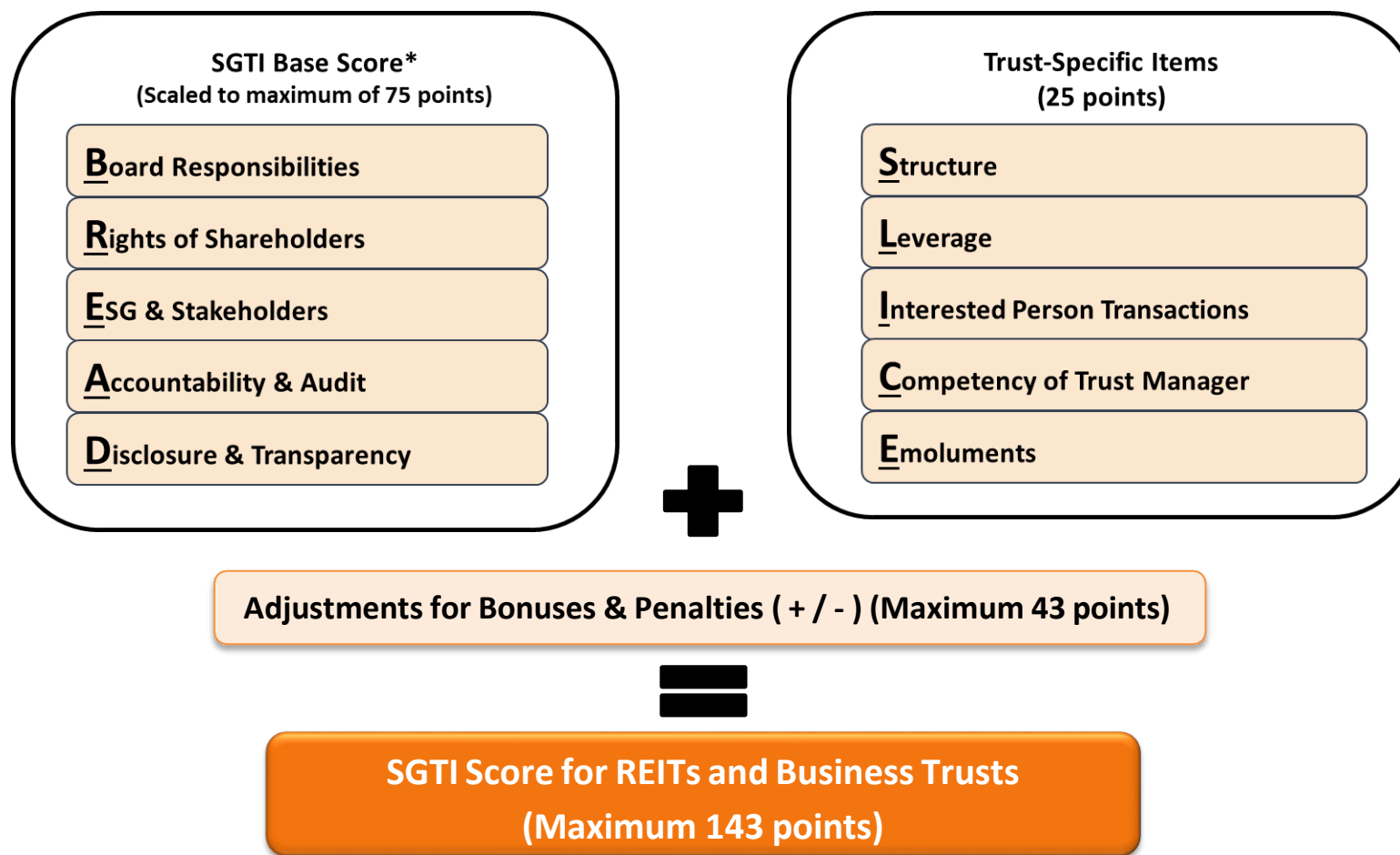


Figure 1: SGTI 2024 Scoring Structure for REITs and Business Trusts

* In the scoring of the SGTI for General Category, this is worth 100 points, not 75 points.

Trust-Specific Questionnaire

S/N	Criterion	Points
Structure		
1	Rationale or justification for choice of REIT manager / trustee-manager.	1.5
2	Provisions for removal of REIT manager / trustee-manager.	1.5
	Penalties	
3	Trustee is linked to Manager.	-2
4	Sponsors / Manager have/has a blocking stake (50%) in the event of takeover.	-2
Sub-total (Max Points)		3
Leverage		
5	There is a gearing policy set in place by trust.	3
6	Whether the trust has a credit rating and the credit rating is investment grade.	2
	Bonuses	
7	Credit rating improves from the previous year or good credit rating is maintained by the trust.	3
Sub-total (Max Points)		8

Interested Person Transactions (IPTs)		
8	Audit committee reviews significant interested person transactions, and unitholders have rights in assessing interested person transactions.	2
Sub-total (Max Points)		2
Competency of REIT Manager / Trustee-Manager		
9	The CEO and directors of a REIT manager / trustee-manager should have at least 10 years of relevant experience, including 5 years at a management level.	1
10	The REIT manager / trustee-manager should have a minimum of 3 full-time representatives (may include CEO) who each have at least 5 years of experience relevant to trust management.	2
Sub-total (Max Points)		3
Emoluments		
	Manager Fees	
	Base Fees	
11	Disclosure of base fees.	1
	Performance Fees	
12	Based on net property income or distribution-related metrics	1
	Acquisition and Divestment Fees	
13	There is disclosure of methodology and amount of acquisition fees.	1
14	There is disclosure of methodology and amount of divestment fees.	1

	Distribution	
15	There is a distribution policy in place.	3
	Bonuses	
16	Benchmark given for performance fee. 1 point awarded for benchmarking against previous year's or years' performance 2 points awarded if benchmark is a standardised index e.g FTSE REIT Index	2
	Penalties	
17	No justification of acquisitions and/or divestment (if any in the year).	-2
18	There is no disclosure of methodology and amount of property manager fees.	-2
19	There is no component of property manager fees that are based on net property income or other performance-related metrics.	-2
20	Individual valuation for each of the top 10 individual property/asset (if trust has 10 properties/assets or more) or all of their properties/assets (if trust has less than 10 properties/assets) in their current portfolio is not disclosed.	-2
21	There is no independent valuer.	-5
22	Where acquisition price is larger than the higher of the valuations by independent valuers, no justification is given.	-3
23	Where divestment price is smaller than the lower of the valuation by independent valuers OR in the case where sales price is at the forced-sale value (lower than normal valuation), manager did not provide explanations to justify the conditions that make him forced to sell the property.	-3
Sub-total (Max Points)		9
Total Score		25

Source: Centre for Governance and Sustainability, NUS Business School