

2026 Edition

THE SINGAPORE REPORT ON REMUNERATION PRACTICES: PAYING FOR VALUE OR JUST PAYING MORE?

What investors, issuers and regulators should know about remuneration practices in listed issuers in Singapore

Supplement covering REITs, business trusts and stapled trusts

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Paying for Value or Just Paying More?

Supplement covering REITs, business trusts and stapled trusts

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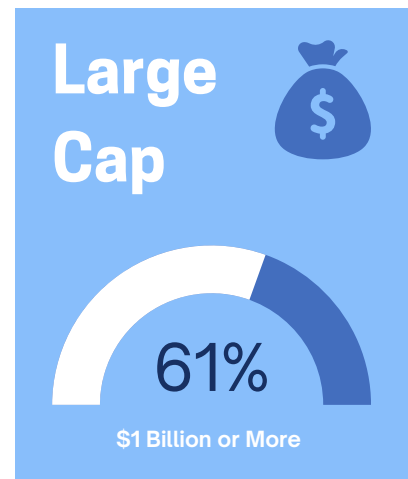


01 LISTED TRUSTS

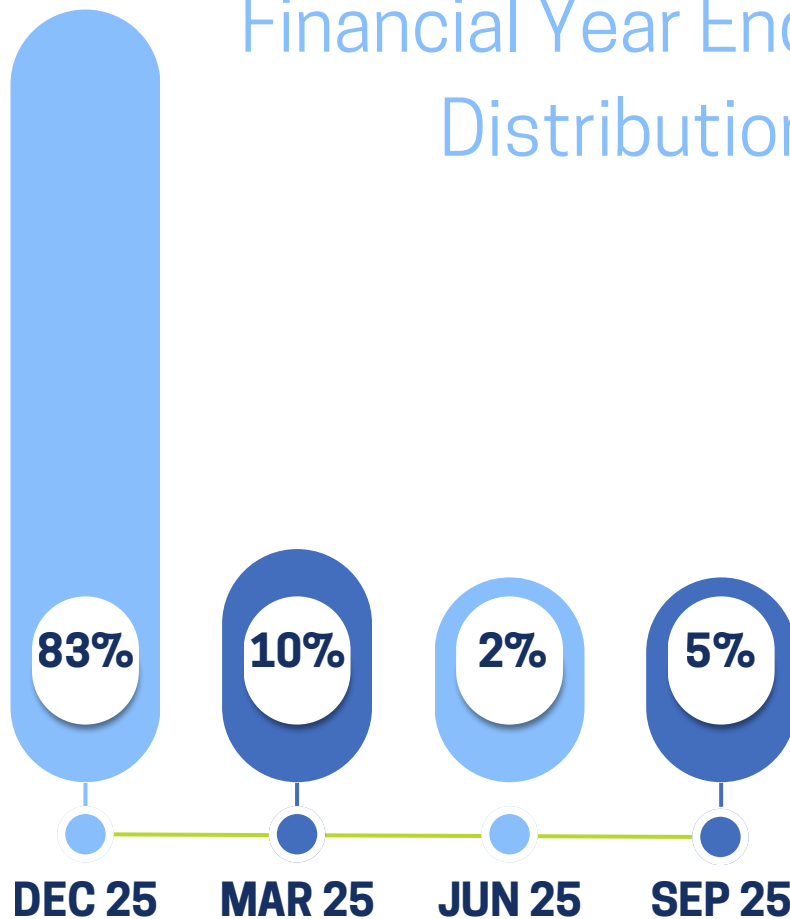


ABOUT THE TRUSTS

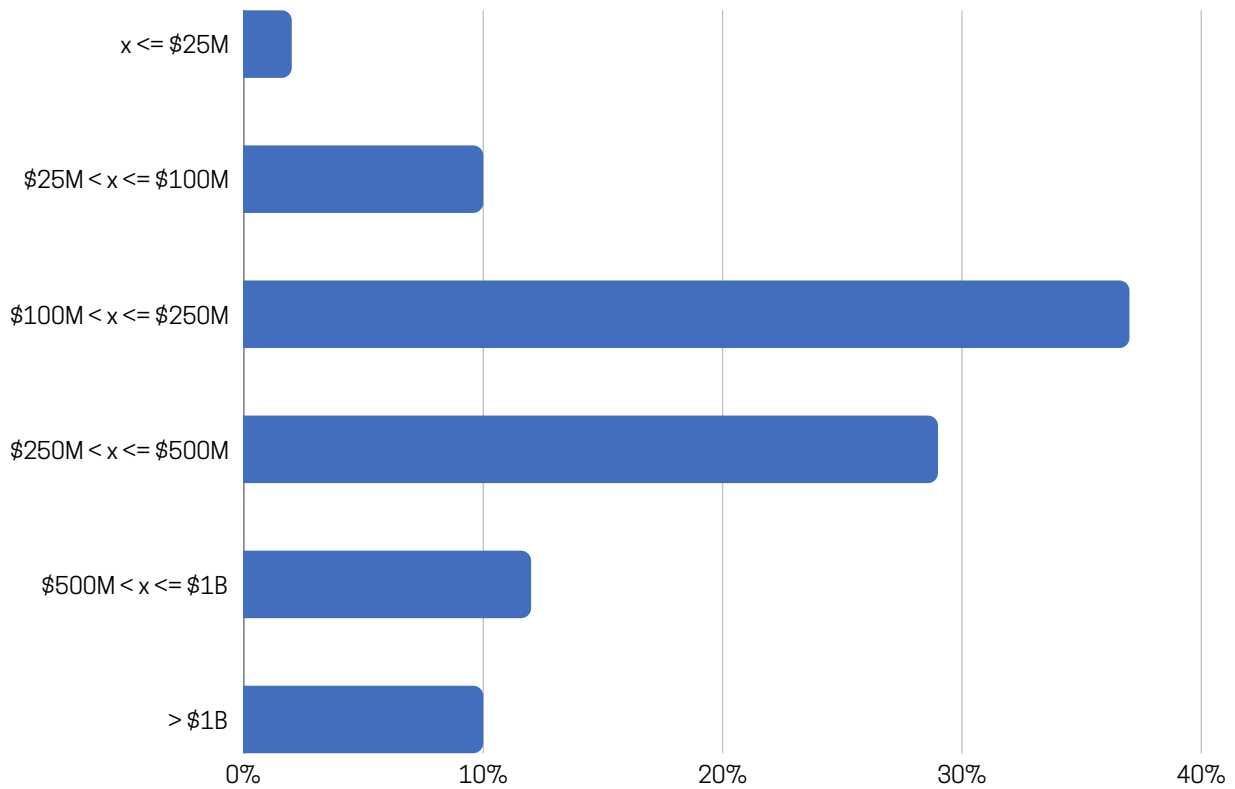
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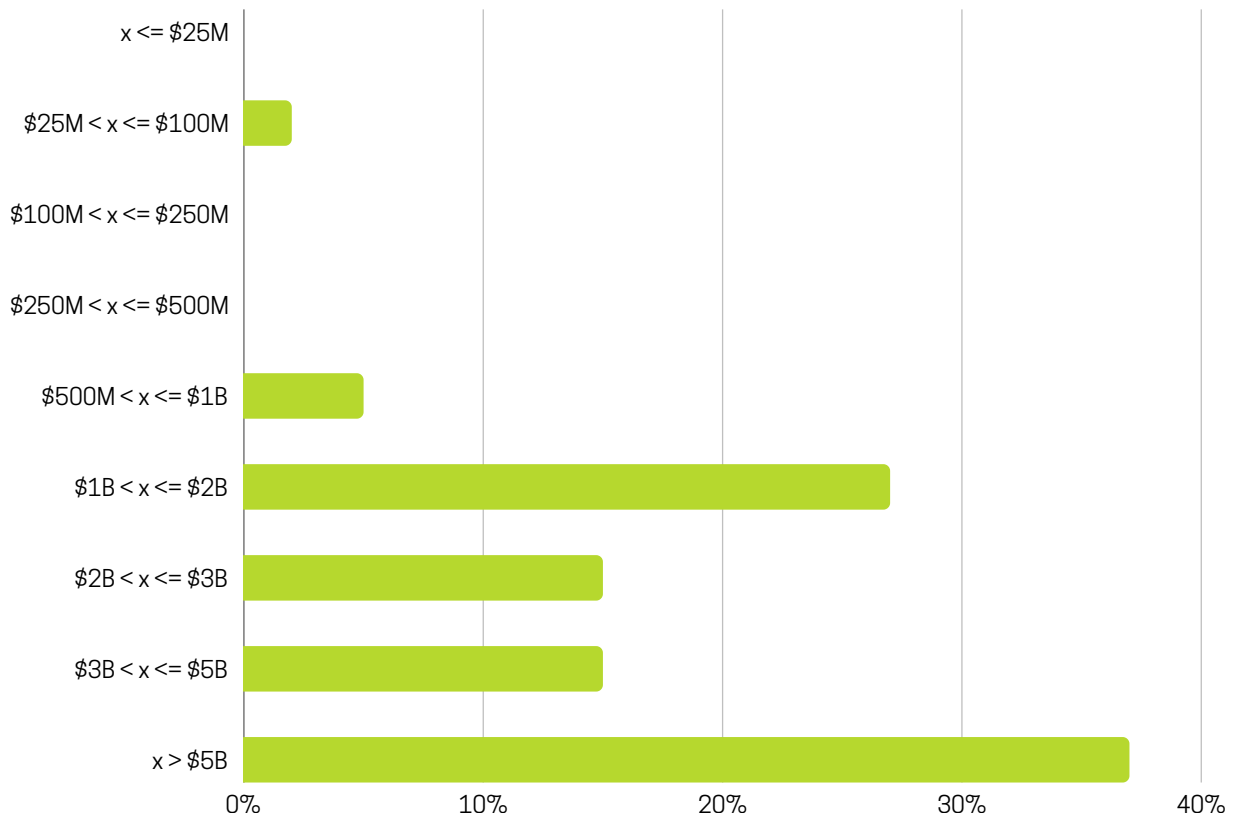
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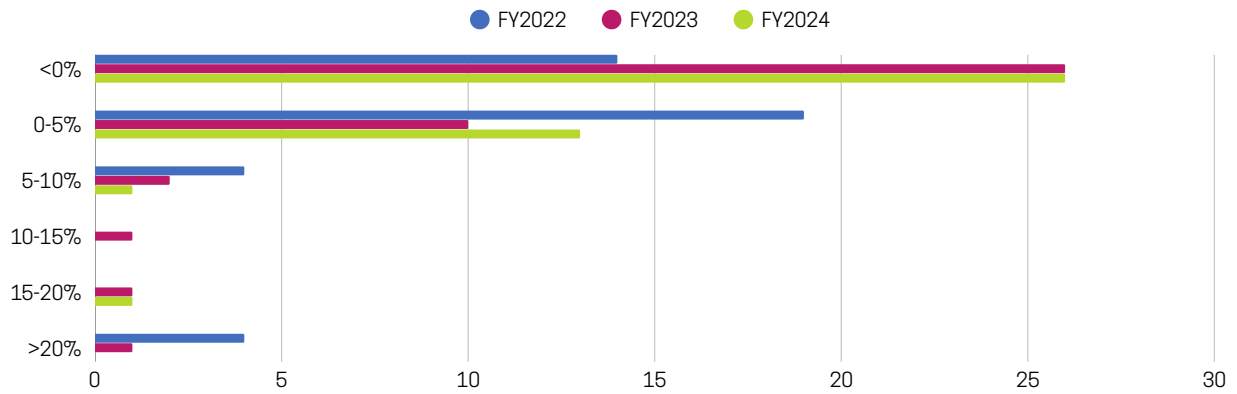
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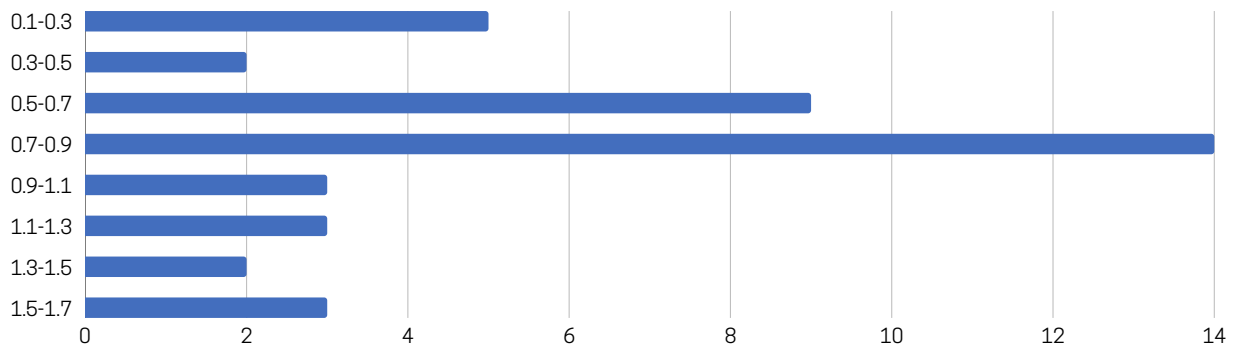
Trusts by Total Assets



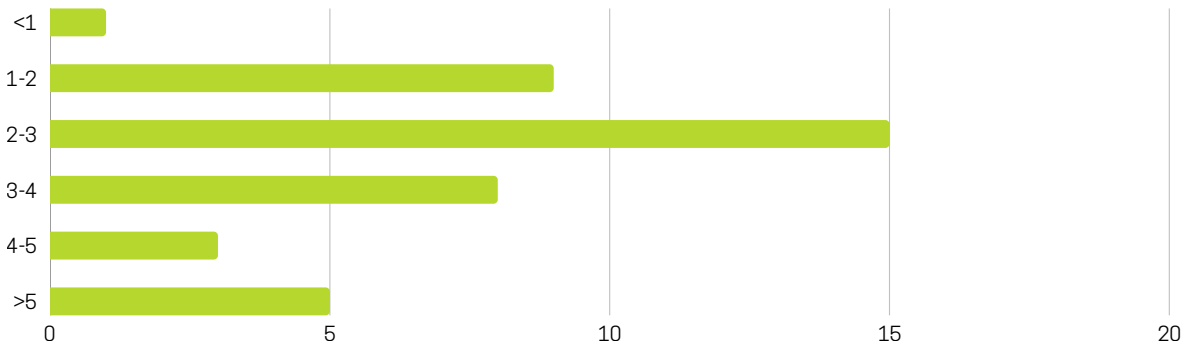
DPU Growth Distribution



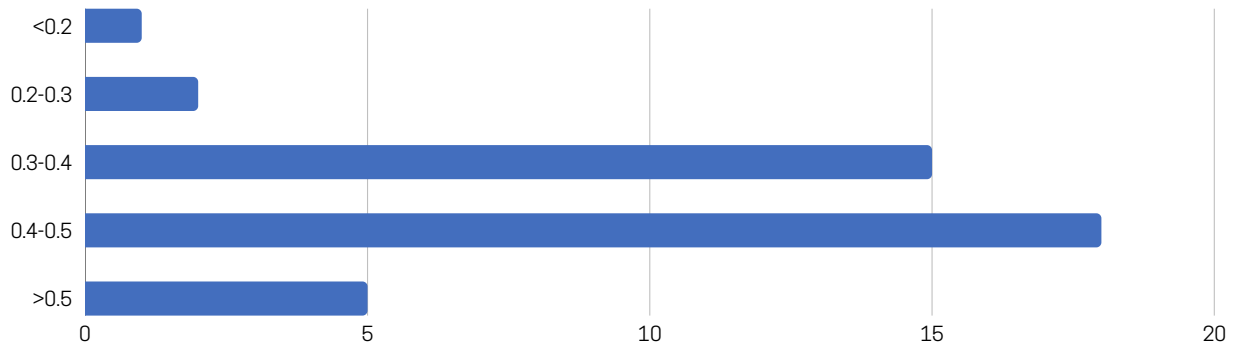
Distribution of P/NAV (SGD)



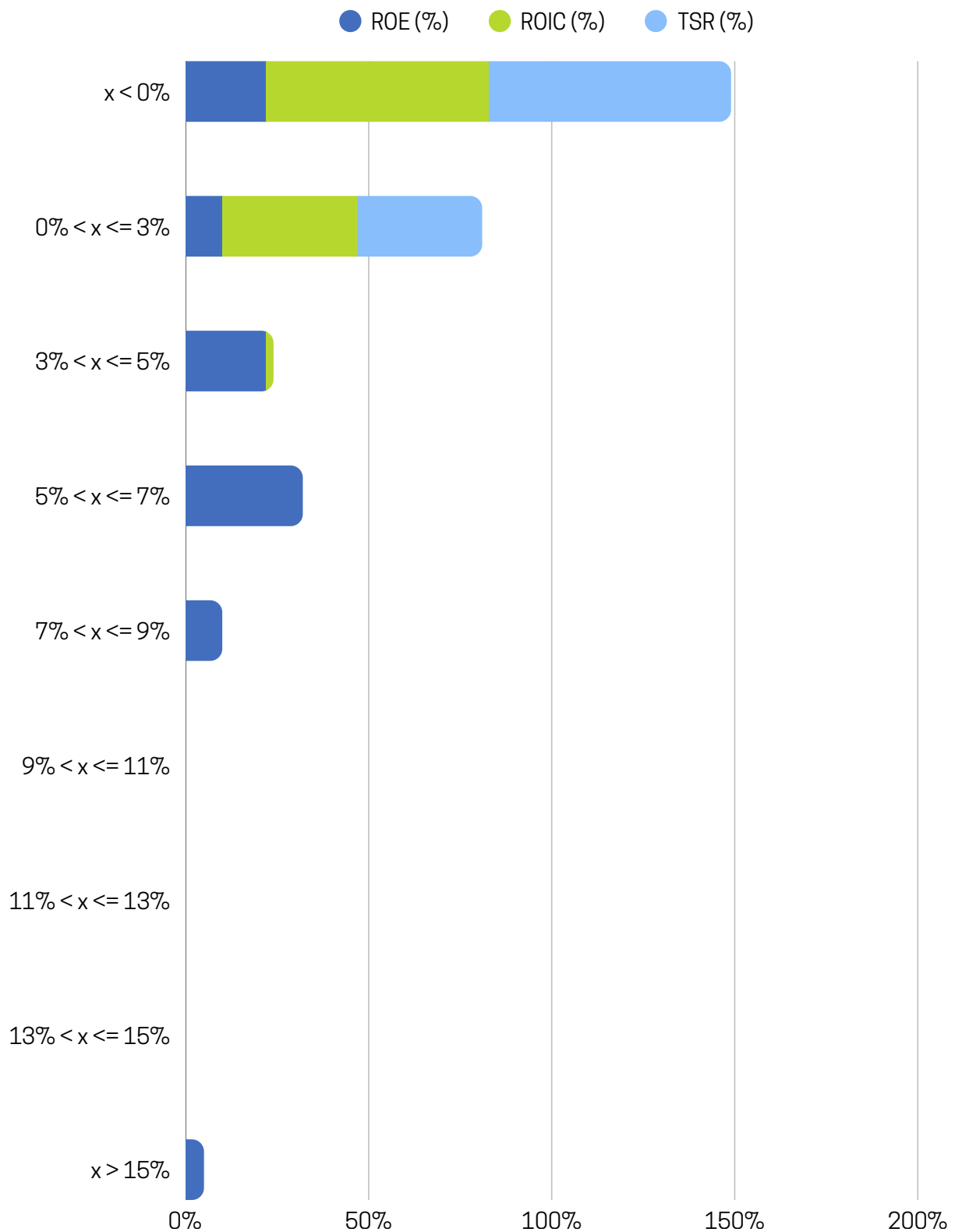
Distribution of Interest Coverage



Distribution of Leverage



Distribution of Trusts by 3-Year Average Performance





02

ABOUT THE BOARDS AND SENIOR MANAGEMENT



Board Size

How many directors are there on the board?

41

Trusts

6.93 7

Mean

Median

3 to 12

Total Number of Directors

Since most listed trusts in Singapore are externally managed, the boards and management are at the manager or trustee-manager, rather than at the trust itself.

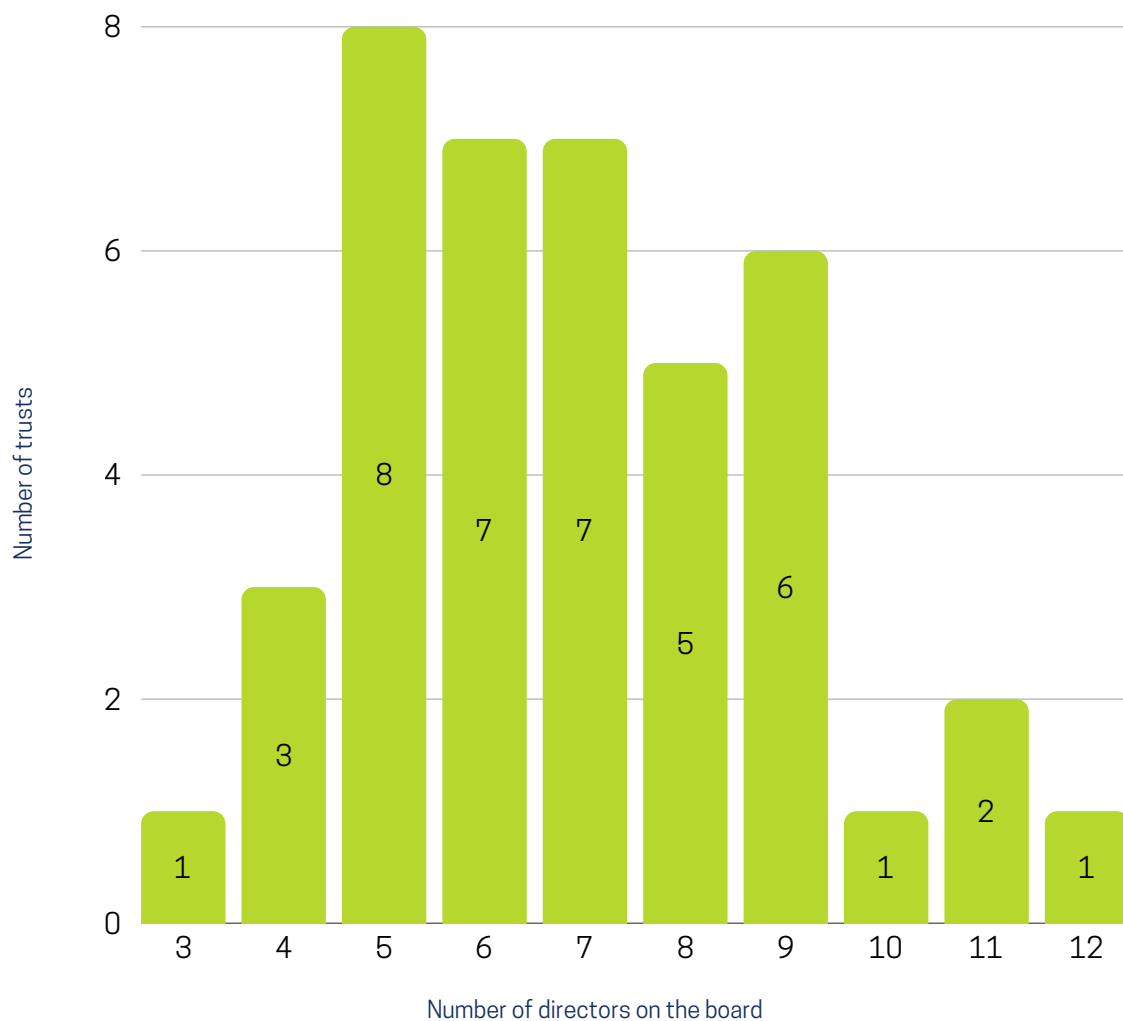


Figure 2.1 Board Size

Board Composition

Board Composition of EDs, IDs and NINEDs Categorised by Board Size

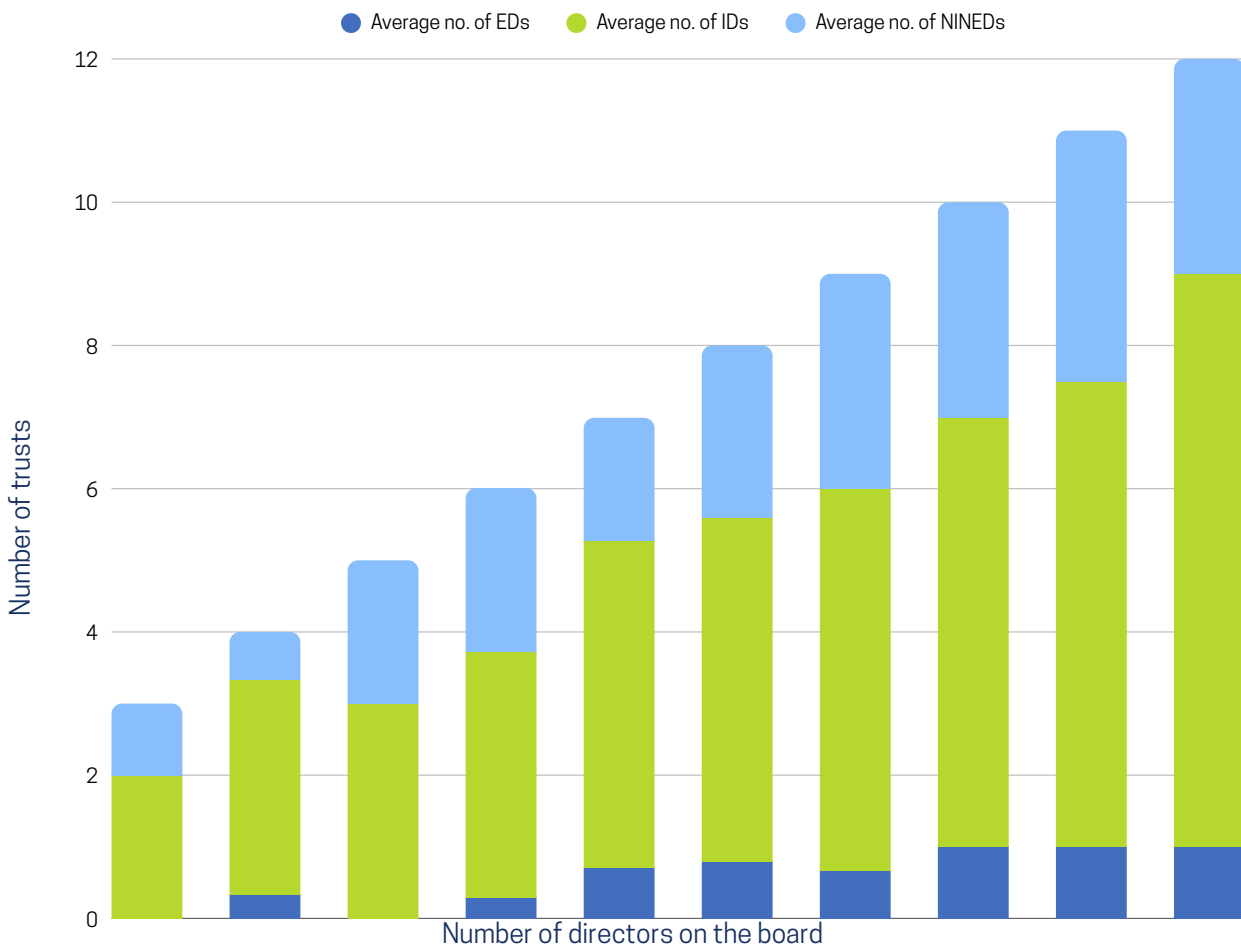


Figure 2.2 Board Composition by Type of Directors

On average

61.2%

Independent Directors (IDs)

7.1%

Executive Directors (EDs)

31.7%

Non-Independent Non-Executive Directors (NINEDs)

Compared to the trusts, trusts have fewer EDs. There are 19 trusts (46.3%) without an ED, compared to just 15 out of 469 trusts. One trust has an ED on the Board who is not the CEO. No trust has more than 1 ED.

Under the Securities and Futures Act (SFA) and the Business Trusts Act (BTA), duties are imposed on directors of the manager of a REIT and trustee-manager of a business trust respectively, such as a duty to prioritise the interests of unitholders as a whole over the interests of the manager/trustee-manager and the latter's shareholders where there is a conflict. A CEO who is not a director of the manager/trustee-manager may nevertheless be deemed as a director under the SFA and BTA, as a "director" under these legislation have the same meaning as a director under section 4(1) of the Trusts Act 1967. However, there may be practical challenges in enforcing these duties on a CEO who is not appointed as a director.

Perhaps the SFA and BTA need to recognise the rather common situation of a CEO of a trust who is not a director, and explicitly impose the same director duties on the CEO.

Board Leadership

21 of the 41 trusts have an Independent Chairman, with the remaining 20 trusts having a Non-Independent Non-Executive Chairman. There are no executive chairmen for trusts and no Chairman who also holds the CEO role. Again, this is a significant contrast compared to the trusts covered in this study, where 49% of chairmen are executive chairmen.

23 of the trusts have appointed a lead independent director.

Different Structures, Different Risks

Viewed strictly from a conventional governance lens, the listed trusts appear to have better board structures than their company counterparts.

Trusts have a higher proportion of IDs, more independent chairmen and fewer EDs.

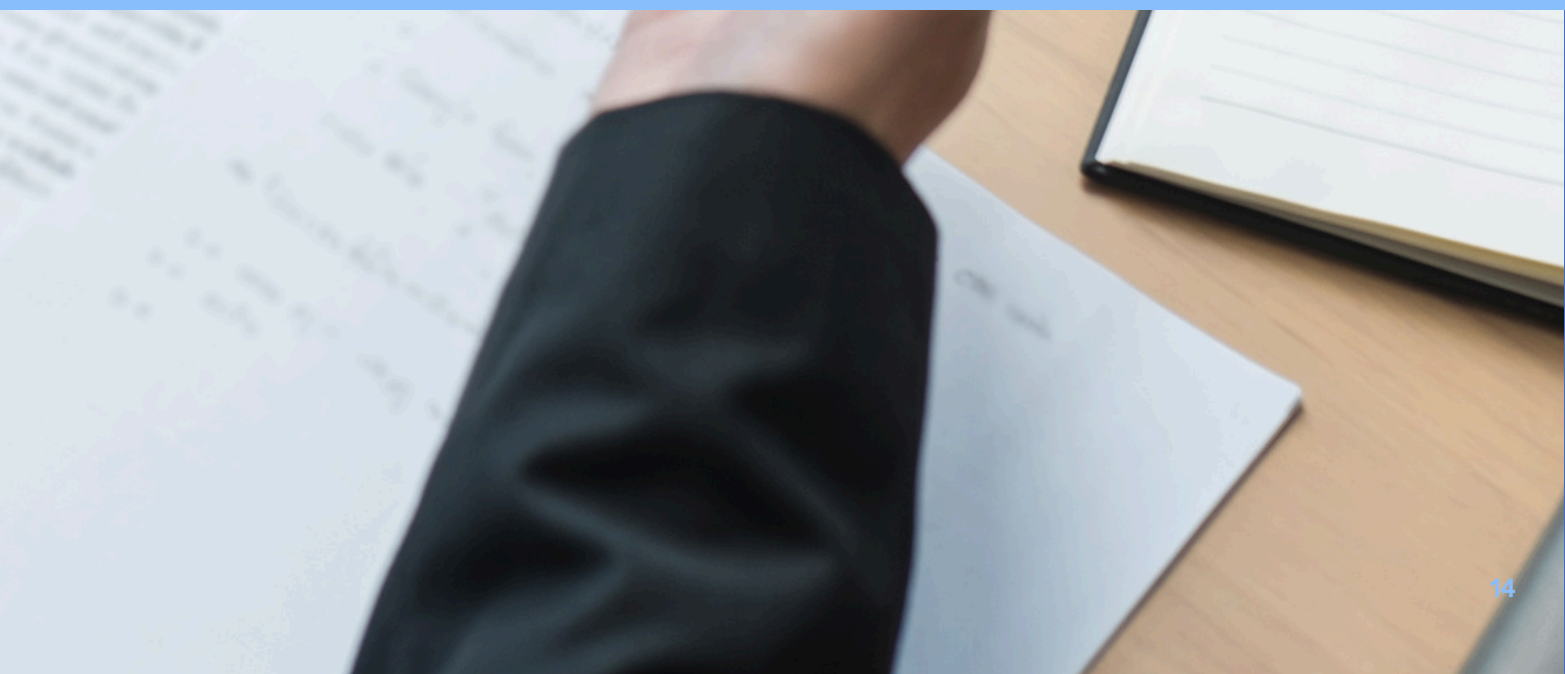
However, for trusts which are externally managed - which are prevalent for SGX-listed trusts - a major concern is that directors and management may be more aligned with the interest of the trust's manager and its sponsor, rather than the unitholders of the trust. For externally managed trusts, the directors are directors of the manager/trustee-manager and appointed by the latter's shareholders, and not by unitholders. In a few rare cases, unitholders are given the right to endorse the appointment of these directors.

For listed trusts, a key remuneration risk is that remuneration policies fail to align the interest of directors and management with the interest of shareholders, particularly minority shareholders. For trusts, a key remuneration risk is that remuneration policies may lead directors and management to prioritise the interest of the manager and its sponsor, rather than the trust and its unitholders.

While the manager/trustee-manager and their directors are legally required to prioritise the interests of unitholders over the interests of the manager/trustee-manager and its shareholders in the event of a conflict, the remuneration policy if not carefully designed can incentivise the management to do otherwise.



03 REMUNERATION GOVERNANCE



All the trusts, except 2, have formed a RC or equivalent.

Compared to trusts, merging the NC and RC to form an NRC is far more common for trusts, with 33 trusts (80.5%) doing so. 6 trusts have a separate RC.

Size and Composition of RCs

The number of members on the RC range from 3 to 6 members, with a mean and median of 3.44 and 3 members respectively.

All the RCs are chaired by an ID and have a majority of IDs.

5 trusts have a RC Chairman with human capital or remuneration expertise. Note that this report is not suggesting that RC chairmen should necessarily have such expertise. However, in the case of other committees such as audit and risk committees, chairmen often do have expertise or experience directly related to the responsibilities of the committees. Without the necessary expertise or experience, there is a risk that the RC becomes too dependent on the advice of remuneration consultants or lacks the knowledge to challenge the advice. Appropriate professional development on the nuances of remuneration issues may be useful to equip directors chairing or serving on RCs to better discharge their responsibilities.

There are 15 trusts (36.6%) where the Board Chairman also chairs the RC and 12 trusts (29.3%) where the Board Chairman serves as a RC member.

None of the trusts has an ED on the RC.

RC Meetings

The mean and median number of RC meetings are 2.1 and 2 respectively. 8 RCs met only once during the year (Figure 3.1).

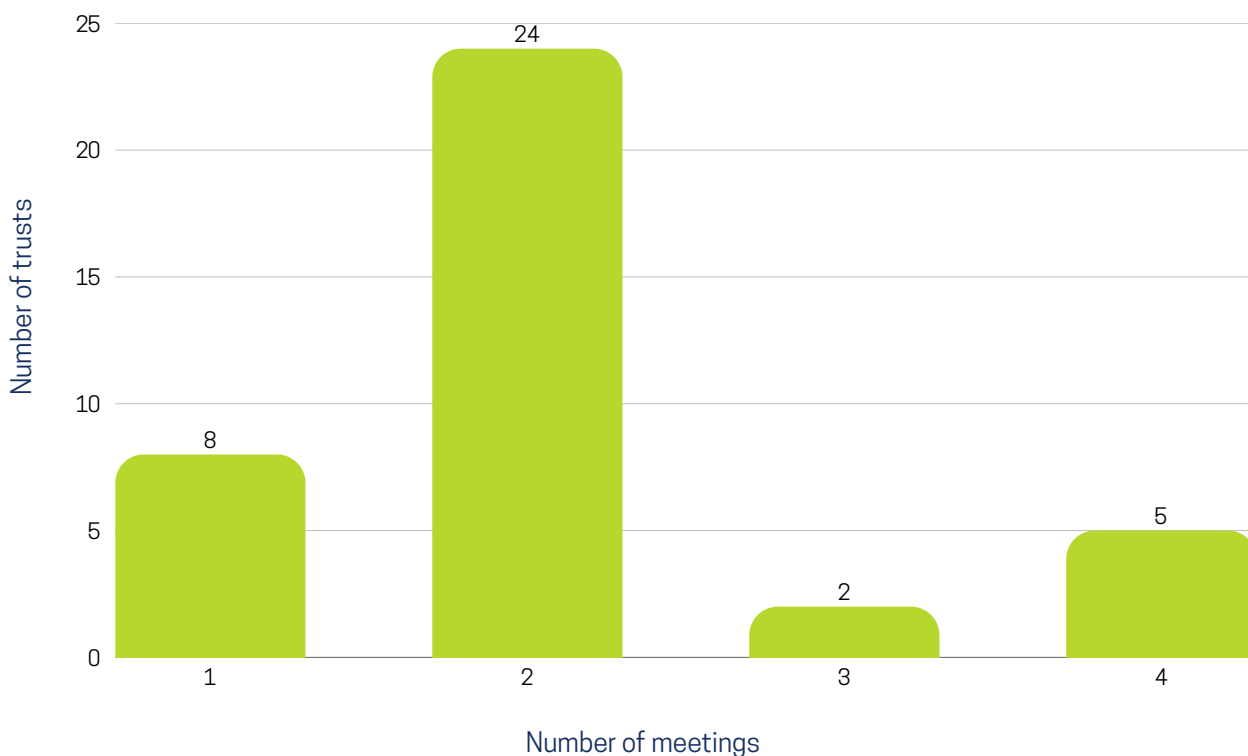


Figure 3.1 Number of RC Meetings

7 trusts disclosed that the CEO and/or ED attended RC meetings by invitation.

Remuneration Consultants

29 trusts (70.7%) disclosed using remuneration consultants to advise on senior executive remuneration, with 23 saying that they used them during the financial year. These percentages are much higher than for listed trusts. Trusts are also more transparent on the identity of these consultants compared to listed trusts, with 27 out of the 29 trusts which used them disclosing their name.

For NED remuneration, 14 trusts (34.1%) disclosed using remuneration consultants, with 10 disclosing that they used them during the financial year. 13 trusts disclosed the identity of the remuneration consultants. Again, these percentages are higher than for listed trusts.

Recommendation

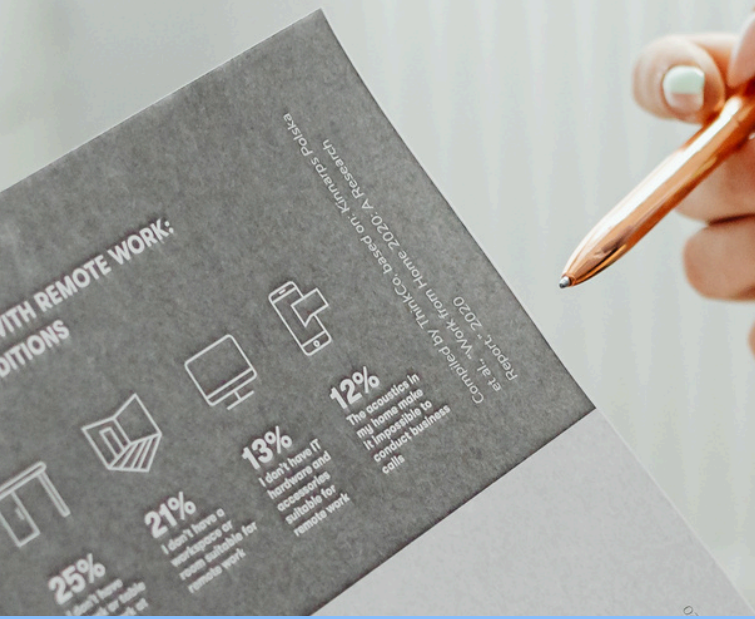
Trusts should clearly disclose if they use remuneration consultants and disclose the identity of the remuneration consultants where they are used.

Remuneration Benchmarking

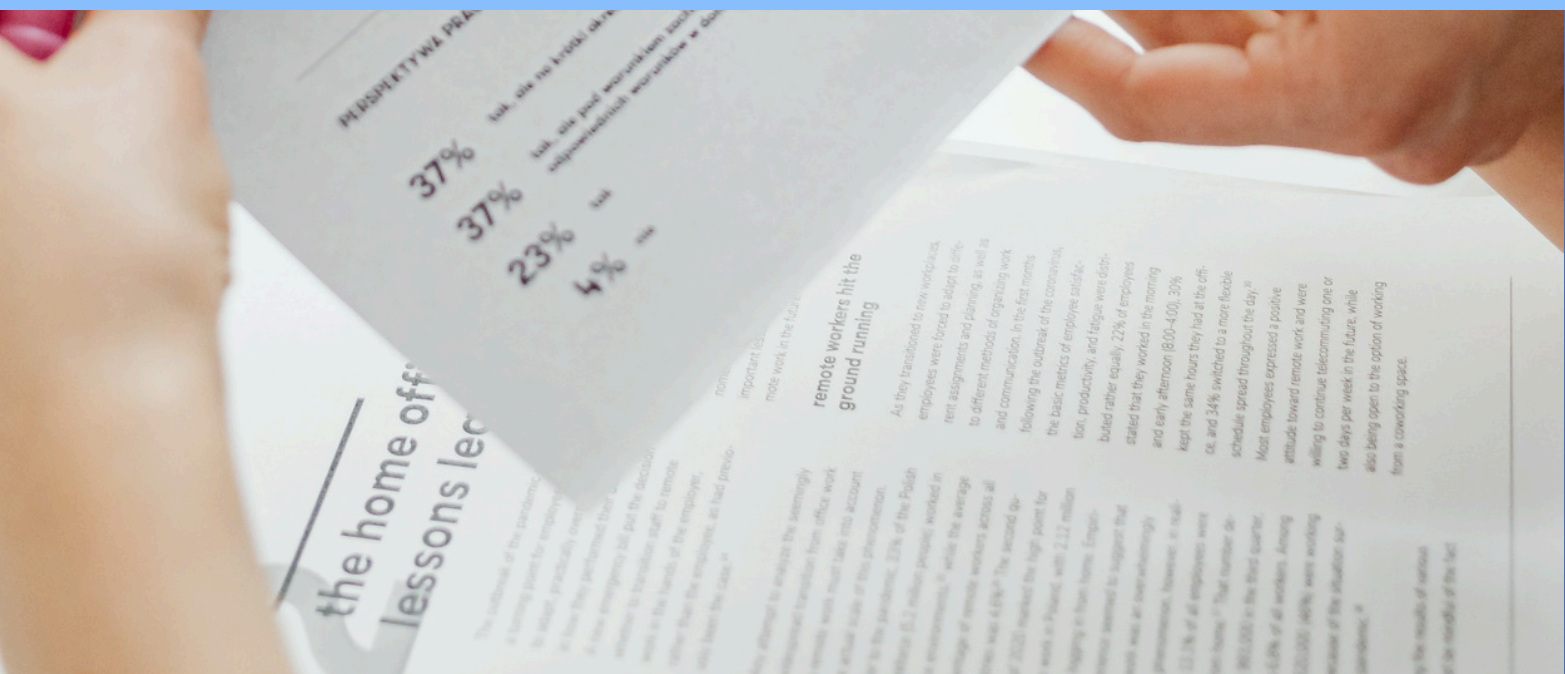
None of the trusts disclosed the peers that were used in benchmarking senior executive remuneration or NED remuneration, not even at a general level such as local and/or international peers.

Recommendation

Trusts should disclose more information about the peers that are used for benchmarking executive and NED remuneration.



04 REMUNERATION DISCLOSURES



REMUNERATION DISCLOSURES

All 41 trusts disclosed the exact remuneration of each individual director and the CEO.

1 trust disclosed that it has a CEO who holds more than 20% of the shares of a 40% shareholder of the Manager. This may raise additional questions as to whether his interests are more aligned with the trust or the Manager.

21 trusts did not disclose any remuneration amounts for individual KMP other than directors and the CEO, while the other 20 trusts disclosed in bands of \$250,000.

27 trusts disclosed the number of KMP, with one disclosing it had none and the others having 1 to 5 KMP. 14 others did not disclose any KMP.

BOARDROOM



05 REMUNERATION AMOUNTS AND MIX



In this part of the report, we examine the remuneration amounts for different categories of directors and management for the trusts.

Board Chairman

All the trusts have an independent or non-independent non-executive Chairman and the mean and median remuneration for these chairmen are \$125,569 and \$133,500 respectively, with a maximum of \$234,000.

Table 5.1 shows the remuneration amounts for different categories of Chairman for trusts with different market cap. Note that the number of trusts in each category is small compared to trusts.

Table 5.1: Chairman Remuneration

Chairman status	Market cap	Min	Max	Mean	Median
Independent	All trusts	\$13,582	\$210,000	\$139,209	\$155,461
	Large	\$100,000	\$210,000	\$158,915	\$160,000
	Mid	\$85,000	\$180,000	\$118,740	\$113,000
	Small	\$13,582	\$155,921	\$100,751	\$116,750
Non-independent	All trusts	\$60,000	\$234,000	\$133,664	\$137,250
	Large	\$60,000	\$183,500	\$132,482	\$142,500
	Mid	\$100,000	\$234,000	\$167,000	\$167,000
	Small	\$80,000	\$80,000	\$80,000	\$80,000

CEOs

The mean and median CEO remuneration for the 41 trusts are \$1.08 million and \$1.09 million respectively, with a minimum of \$341,869 and a maximum of \$2.01 million. Table 5.2 shows CEO remuneration based on market cap of the trust.

Table 5.2: CEO Remuneration

	Min	Max	Mean	Median
Overall	\$341,869	\$2,173,090	\$1,055,117	\$1,089,983
Small Cap	\$341,869	\$2,173,090	\$1,035,045	\$924,084
Mid Cap	\$369,126	\$1,020,802	\$690,681	\$730,138
Large Cap	\$460,088	\$2,008,930	\$1,181,613	\$1,134,797

Recommendation

Trusts should provide more information on how remuneration amounts for CEOs and EDs are determined and why they are justified given the performance of the trust.

Compared to trusts, CEOs of trusts receive a significantly higher percentage of their remuneration through units (Table 5.3)

Table 5.3: CEO Remuneration Mix

Market cap	Fixed salary	Annual bonus	Benefits	Directors Fees	Units
Small cap	34%	15%	26%	1%	23%
Mid cap	56%	22%	3%	0%	19%
Large cap	40%	25%	6%	5%	24%

The equivalent of shares for trusts. In principle, this can signal confidence in the trust and better align with the interest of the CEO and unitholders. However, long-term interest alignment with unitholders depends on whether the units are deferred or subject to minimum vesting or holding periods over several years.

Whether there are appropriate performance metrics for vesting, and whether targets for vesting are “stretched”, are also important for alignment with unitholders’ interests.

There may also be a concern that trusts may use units to conserve cash to keep up current DPU, but future DPU may decrease as these units are entitled to DPU.

NEDs

Unlike trusts, the total amount of remuneration paid to directors is not approved by shareholders at the AGM.

Based on fees paid only to NEDs disclosed in the remuneration table, minimum average remuneration per NED paid by a trust was \$26,000 and the maximum was \$191,158. The mean and median were \$88,513 and \$90,000 respectively.

KMP

Other than the 1 trust which said it had no KMP, 24 of the other 40 trusts disclosed total amount of remuneration paid to KMP. 1 disclosed in a band of \$1.25 million to \$1.5 million, while the other 23 disclosed in exact amount. For the latter 23, the minimum total KMP remuneration was \$376,780, maximum was \$3.97 million, with a mean of \$2.04 million and a median of \$2.25 million.



06 REMUNERATION FRAMEWORK



The external managed model that is used by most trusts in Singapore arguably makes it even more important that the remuneration policy aligns the interests of directors and management of the trust to the interests of unitholders.

Performance measures for remuneration of EDs

Annual bonus/short-term incentives

There were 25 trusts (61.0%) that disclosed specific measures used for awarding the annual bonus, and these trusts disclosed a total of 216 measures, or an average of about 8.6 measures per trust. Trusts are more transparent than trusts in this regard.

There is also a significant contrast in terms of specific performance measures compared to listed trusts, with ESG & Sustainability, mentioned 32 times, being the most commonly cited for trusts, as shown in Figure 6.1.

This was followed by Leadership & Talent Management, and then Capital Structure & Balance Sheet Management.

Income Statement Performance was mentioned 19 times. While Distribution & Unitholder Payout, which arguably has better alignment with unitholders' interest than Income Statement Performance, was mentioned 20 times, Market Performance & Investor Returns was mentioned only 8 times.

Interestingly, Investor Relations was mentioned 11 times by trusts. Having a strong investor relations function is important for trusts to effectively engage with investors on how they are creating long-term value for unitholders.

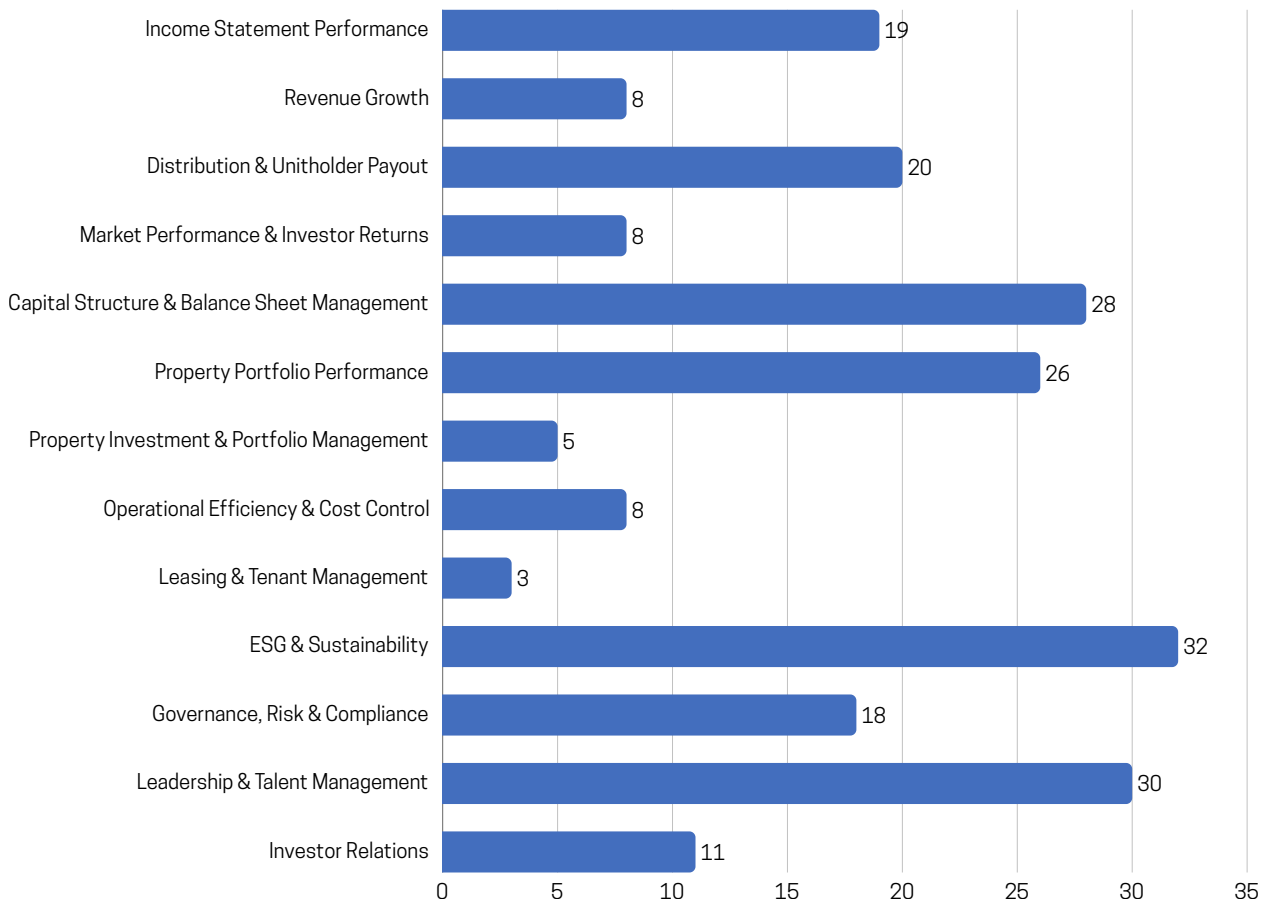


Figure 6.1: Specific performance measures for annual bonus/short-term incentives

Recommendation

Trusts should disclose more information on specific performance measures for awarding short-term incentives and explain how these measures are aligned with long-term value creation and the interests of unitholders.

Fee structure for NEDs

A total of 27 out of the 41 trusts covered in this study disclosed the fee structure for NEDs.

Basic retainer

The lowest base fee for NEDs for these trusts is \$40,000 and the highest is \$80,000, with mean of just under \$37,711 and median of \$60,000 (Table 6.1).

Table 6.1 Base Fee Structure for NEDs

Base fee for NEDs	Number of Trusts
\$40,000 - < \$50,000	4
\$50,000 - < \$60,000	8
\$60,000 - < \$70,000	13
\$70,000 - <\$80,000	1
\$80,000	1

Chairman fee

For the trusts that disclosed a fee structure for NEDs, 26 disclosed a separate fee for the Chairman, ranging from \$35,000 to \$150,000 (Table 6.2).

5 of these trusts disclosed that the Chairman's fee is in addition to the basic retainer fee for NEDs. None of the trusts disclosed that the Board Chairman receives additional fees for chairing or serving on board committees.

Table 6.2 Base Fee Structure for Board Chairman (NEDs)

Base fee for Board Chairman (NEDs)	Number of Trusts
< \$50,000	3
\$50,000 - <\$70,000	3
\$70,000 - <\$90,000	5
\$90,000 - <\$110,000	5
\$110,000 - <\$130,000	5
\$130,000 - <\$150,000	3
\$150,000	2

Lead independent director fee

6 trusts disclosed the additional fee they pay to the lead independent director, ranging from \$10,000 to \$72,000 (Table 6.3)

Table 6.3 Additional Fee for LIDs

Additional Fee for LID	Number of Trusts
\$10,000 - <\$20,000	2
\$20,000 - <\$30,000	1
\$30,000 - <\$50,000	1
> \$50,000	2

Committee fees

Table 6.4 shows the additional fees for chairing or serving on certain board committees disclosed by trusts. Risk Committee Chairs, followed by AC/ARC Chairs, have the highest mean and median fees, while Risk Committee members, followed by AC/ARC members, have the highest committee member fees.

Table 6.4 Additional Fees by Committees

Additional Fees	Min	Mean	Median	Max
AC/ARC Chair	\$10,500	\$37,889	\$36,750	\$70,000
AC/ARC Member	\$5,250	\$21,933	\$17,500	\$40,000
NC/NRC Chair	\$2,600	\$19,984	\$17,000	\$38,500
NC/NRC Member	\$1,300	\$11,013	\$8,500	\$22,500
RC Chair	\$2,600	\$19,589	\$18,500	\$38,500
RC Member	\$1,300	\$12,909	\$10,000	\$35,000
Board Sustainability Chair	\$5,000	\$15,714	\$12,000	\$40,000
Board Sustainability Member	\$2,500	\$8,833	\$6,000	\$20,000

Meeting fees

7 trusts that disclosed a fee structure stated that they pay meeting/attendance fees for board and/or committee meetings. For board meetings, 1 trust said it paid \$1,500 per meeting and 4 said they paid \$2,500 per meeting, with 1 trust paying a lower board meeting fee of \$1,000 per meeting for attendance by teleconference. 2 trusts said it paid \$2,500 per committee meeting attended.

Recommendation

Trusts should disclose the fee structure for NEDs.



07 LONG-TERM INCENTIVE PLANS AND SHARE-BASED REMUNERATION



In this section, we report on the use of long-term incentive plans (LTIPs) and also share-based remuneration for NEDs.

EDs

Long-Term Incentive Plans (LTIPs)

For the financial year covered, 22 trusts disclosed using LTIPs for their CEOs/EDs.

Table 7.1 shows the names of different LTIPs and the names of these plans. There were a total of 27 LTIPs used by the 22 trusts that disclosed using LTIPs, with some trusts using more than one plan. The most common LTIP used was a Performance Unit Plan (PUP) or Performance Unit Plan (PSP), with 11 trusts using them. 6 trusts disclosed using a Restricted Unit Plan (RUP), and another 6 trusts simply said they used a LTIP.

Table 7.1 LTIPs Used By Trusts

LTIP Name	Number
Employee Incentive / Bonus Plan	2
Long-Term Incentive Plan (LTI)	6
Performance Share Plan (PSP)	4
Performance Stapled Security Plan (PSSP)	1
Performance Unit Plan (PUP)	7
Restricted Share Plan (RSP)	1
Restricted Unit Plan (RUP)	6
Grand Total	27

Of the 22 trusts which disclosed using LTIPs, 4 said they were paid in units, 6 said they were paid in cash, and 6 said they were paid in both shares and cash.

Performance measures for vesting under LTIPs

Table 7.2 shows the performance measures disclosed for subsequent vesting of awards under LTIPs for various plans. These were disclosed by 13 trusts. Overall, Investor & Market Performance Measures were the most widely disclosed, followed by ESG & Sustainability Measures, with Asset Value Growth, Distribution & Unitholder Payout, and Income Statement Performance being the other measures used.

Table 7.2 Performance Measures for Subsequent Vesting for Awards LTIPs

Type of Plan/Measures	Number
Performance Unit Plan (PUP)	6 (Plans)
Asset Value Growth	4
Distribution & Unitholder Payout	1
ESG & Sustainability	9
Investor & Market Performance	7
Grand Total	21
Restricted Unit Plan (RUP)	5 (Plans)
Distribution & Unitholder Payout	4
Income Statement Performance	4
Investor & Market Performance	1
Grand Total	9
Restricted Share Plan (RSP)	1 (Plan)
Distribution & Unitholder Payout	1
Income Statement Performance	1
Grand Total	2
Long-Term Incentive Plan (LTIP)	5 (Plans)
Investor & Market Performance	8
Grand Total	8
Performance Stapled Security Plan (PSSP)	1 (Plans)
Investor & Market Performance	1
Asset Value Growth	1
ESG & Sustainability	1
Grand Total	3

A total of 15 trusts that used LTIPs disclosed the vesting periods for vesting under these LTIPs. Table 7.3 shows the average vesting period for different plans that were disclosed.

Table 7.3 Mean Vesting Periods for Awards Under LTIPs

Type of LTIP	Mean Vesting Period (Years)
Employee Incentive / Bonus Plan	3.00
Long-Term Incentive Plan (LTI)	3.67
Performance Share Plan (PSP)	4.25
Performance Stapled Security Plan (PSSP)	3.00
Performance Unit Plan (PUP)	3.00
Restricted Share Plan (RSP)	3.00
Restricted Unit Plan (RUP)	2.83
Grand Total	3.31

When trusts use LTIPs, they may vest on a staggered basis (i.e., a certain proportion vests each year) or a cliff basis (i.e., all vest at the end of a specified period). Of the 14 trusts that used LTIPs and disclosed method of vesting, 13 used staggered vesting and one used cliff vesting.

Recommendation

Trusts that use LTIPs should fully disclose key features such as performance measures for grants and vesting, vesting periods, and method of vesting. They should also disclose the percentage of vesting when the awards vest.

NEDs

5 trusts allow NEDs to participate in unit-based plans, with 1 of these allowing it for NEDs but not IDs.

2 trusts recommend that NEDs use part of their fees to buy units of the trust, while another 2 trusts require it.

Recommendation

Trusts that ensure that if IDs participate in unit-based plans, that their independence is not compromised. There should not have vesting periods or otherwise compromise the oversight role of IDs.

