

**SECURITIES INDUSTRY COUNCIL**  
**(THE “COUNCIL”)**  
**PRACTICE STATEMENT ON TRUST SCHEMES IN RESPECT OF**  
**MERGERS AND PRIVATISATIONS**

**Introduction**

A merger or privatisation<sup>1</sup> of a business trust or Real Estate Investment Trust<sup>2</sup> (“REITs”) may be effected via a trust scheme which involves an amendment to the trust deed to include provisions that will allow a specific merger or privatisation to take place. Such trust schemes are subject to unitholder approval. Given that dissenting unitholders will lose their units compulsorily once the trust scheme is approved, Council is concerned that the trust scheme should be fair and reasonable.

**Exemption from specific provisions**

2 The provisions of the Singapore Code on Take-overs and Mergers (the “Code”) apply to trust schemes. However, the Council may, subject to conditions, exempt the trust scheme from:

- (a) Rule 14 on mandatory offers;
- (b) Rule 15 on voluntary offers;
- (c) Rule 16 on partial offers;

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<sup>1</sup> The acquisition of 100% control over a target entity.

<sup>2</sup> Property trusts structured as Collective Investment Schemes under the Securities and Futures Act (Cap 289)

- (d) Rule 17 on type of consideration required;
- (e) Note 1(b) on Rule 19 on appropriate offers to holders of convertibles, etc;
- (f) Rule 20.1 on requirement to keep offer open for 14 days after it is revised;
- (g) Rule 21 on purchases of voting rights in any scheme company at above the offer price;
- (h) Rule 22 on the offer timetable;
- (i) Rule 28 on acceptances;
- (j) Rule 29 on the right of acceptors to withdraw their acceptances; and
- (k) Rule 33.2 on 6 months delay before acquisition of voting rights in the scheme company at above the offer price.

3 The Council will normally grant such exemption if, in addition to the conditions listed in the Note of Definition of Offer, the following conditions are fulfilled:

- (a) the trust scheme is approved by a majority in number representing three-fourths in value of unitholders or class of unitholders present and voting either in person or by proxy at a meeting convened to approve the trust scheme; and

- (b) the trustee or trustee manager obtains Court approval for the trust scheme under Order 80 of the Rules of Court.

4 For avoidance of doubt, Council would **not** impose condition (e) in the Note of Definition of Offer which requires:

- (a) the trust scheme document to be posted within 35 days of the announcement of the trust scheme; and
- (b) the trust scheme to be effective by 5:30 pm on the 60<sup>th</sup> day after the date of posting of the trust scheme document.

*Practice Statements are issued by the SIC to provide informal guidance to companies involved in take-overs and practitioners as to how the SIC normally interprets and applies relevant provisions of the Code in certain circumstances. Practice Statements do not form part of the Code. Accordingly, they are not binding on the SIC and are not a substitute for consulting the SIC to establish how the Code applies in a particular case.*

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