

## SGX-ST Listing Rules

### Practice Note 4.2

#### Corporate Governance Requirements for Real Estate Investment Trusts and Business Trusts

<u>Details</u>	<u>Cross References</u>
<u>Issue Date: 21 December 2018</u>	<u>Rule 210(5)(d)(iii)</u> <u>Rule 210(5)(e)</u> <u>Rule 720(5)</u> <u>Transitional Practice Note 3</u>
<u>Effective Date: 1 January 2019</u> <u>1 January 2022</u>	

#### 1 Introduction

- 1.1 Rule 210(5)(d)(iii) states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer.
- 1.2 Rule 210(5)(e) states that an issuer must establish one or more committees as may be necessary to perform the functions of an audit committee, a nominating committee and a remuneration committee, with written terms of reference which clearly set out the authority and duties of the committees.
- 1.3 Rule 720(5) states that an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years.
- 1.4 This Practice Note provides guidance on the applicability of these Rules in relation to an issuer that is a Real Estate Investment Trust (REIT) or a Business Trust (BT).

#### 2 Real Estate Investment Trusts

- 2.1 Under the Securities and Futures Act, the manager of an authorised REIT must act in the best interest of all unitholders as a whole and give priority to their interests over the manager's own interests and the interests of the shareholders of the manager in the event of a conflict. The Securities and Futures Act and regulations and notices made thereunder stipulate requirements for the composition of the board of a REIT manager, the establishment of an audit committee and the circumstances in which a director of the REIT manager is independent (the "SFA provisions").
- 2.2 As the SFA provisions substantively address the corporate governance requirements stipulated in Rules 210(5)(d)(iii), 210(5)(e) and 720(5), these Rules do not apply to a REIT so long as the REIT continues to comply with the SFA provisions.

### **3** **Business Trusts**

- 3.1 Under the Business Trusts Act, the trustee-manager of a registered business trust must act in the best interests of all unitholders as a whole and give priority to their interests over its own interests in the event of a conflict. The Business Trusts Act and the regulations made thereunder stipulate requirements for the composition of the board of the trustee-manager, the establishment of an audit committee and the circumstances in which a director of the trustee-manager is independent (the “BT provisions”).
- 3.2 As the BT provisions made thereunder substantively address the corporate governance requirements stipulated in Rules 210(5)(d)(iii), 210(5)(e) and 720(5), these Rules do not apply to a business trust so long as the business trust continues to comply with the statutory stipulations.