

Pros and cons of A-Trust selling its...

Reit vehicle

 It is generally more tax-efficient as there is no need to pay stamp duties, income tax, capital gains tax and other indirect taxes (for example, land appreciation tax and dividend tax in certain countries) on property transactions.

 A takeover offer takes six to 10 weeks from the date of the offer announcement to the close of offer. There is no need to hold an EGM or seek SGX approval for the purposes of a takeover offer.

Property portfolio

 Transacting assets generally means higher transaction taxes compared with transacting shares

 Entire process may take longer than a general offer as an EGM has to be convened to seek unitholders' approval, and additional time needed if the parties require regulatory and other third-party approvals. After the sale is completed, the Reit manager will have to distribute the cash to unitholders and dissolve the Reit. In all, the process can take several months.

 Subsequent cost of dissolving the Reit and liquidating the Reit manager company could be high, as it is hard to unwind the structure.