

An aerial photograph of a city skyline at dusk. The sky is a deep blue, and the city lights are beginning to glow. In the foreground, a complex highway interchange with multiple overpasses and ramps is visible, with cars moving through it. Several tall skyscrapers dominate the mid-ground, their windows reflecting the twilight. One prominent building on the left has a circular logo with the letters 'AWR' on its facade. Another building on the right has a large, illuminated square opening in its upper section. The overall scene conveys a sense of modern urban development and infrastructure.

# Business Succession Trust

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# Agenda

- Business Succession
- Business Succession Trust
- Practical Examples
- Common Drafting Errors
- Summary →

# Business Succession

# Business Succession

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- **GCC Family Businesses:**
  - Contribute +60% Regional GDP
  - Comprise +90% Private Sector
  - Employ +80% Workforce
- **Business Family Demographics:**
  - Approx 42% First Generation
  - Approx 36% Second Generation
  - Approx 14% Third Generation
  - Approx 8% Later Generations →



## Succession Failure

- **Failure Rates:**
  - 1 -to- 2 Generation >**65%**
  - 2 -to- 3 Generation >**85%**
- **Business Succession Planning:**
  - Overall Family Assessment
  - Unstructured
  - Structured
  - **Business Succession Trust** →



# Business Succession Trust

# Business Succession Trust

- **Key Family Objectives**

- Dedicated Family Forum
- Representative Decision Making
- Clear Co-Governance Rules
- Competent Executive Management
- Clear Liquidity Plan
- Transparent Administration
- Transitional Governance →

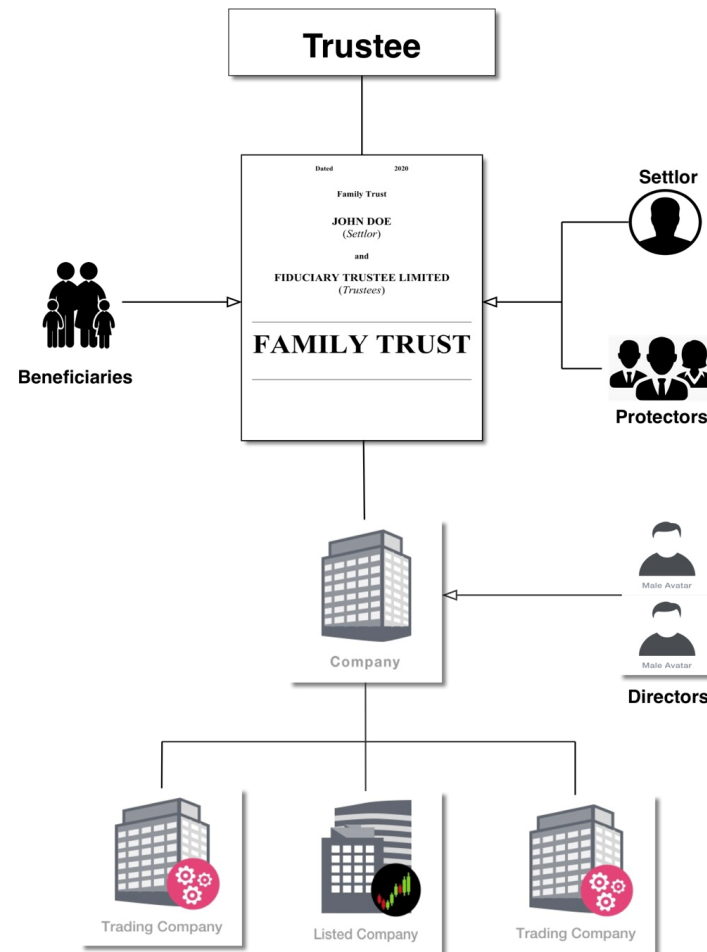




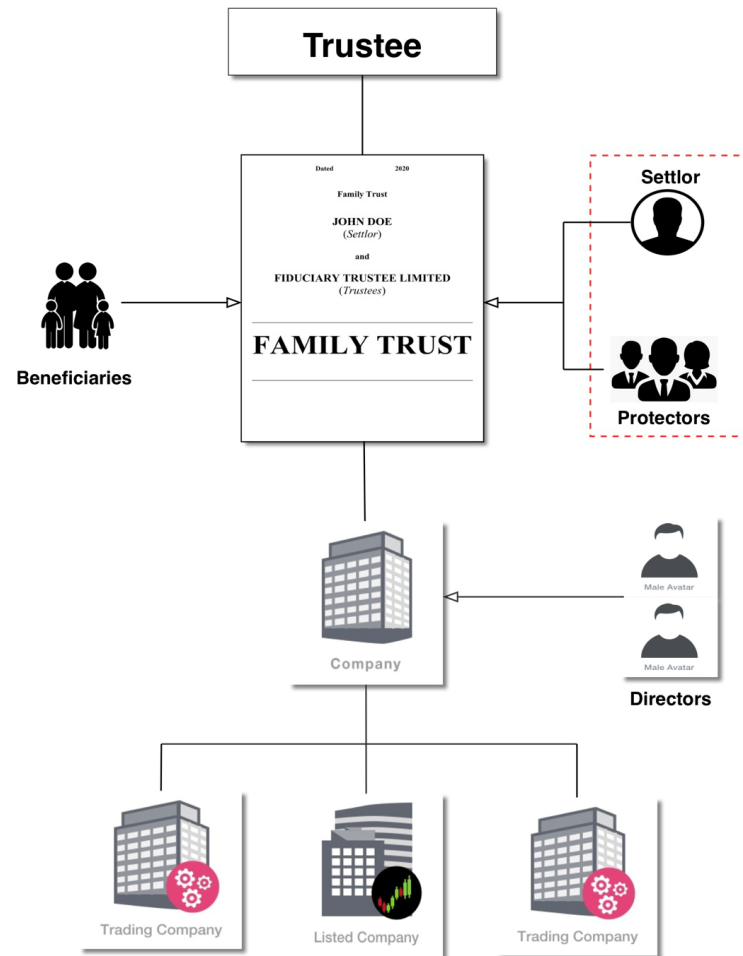


# Structures

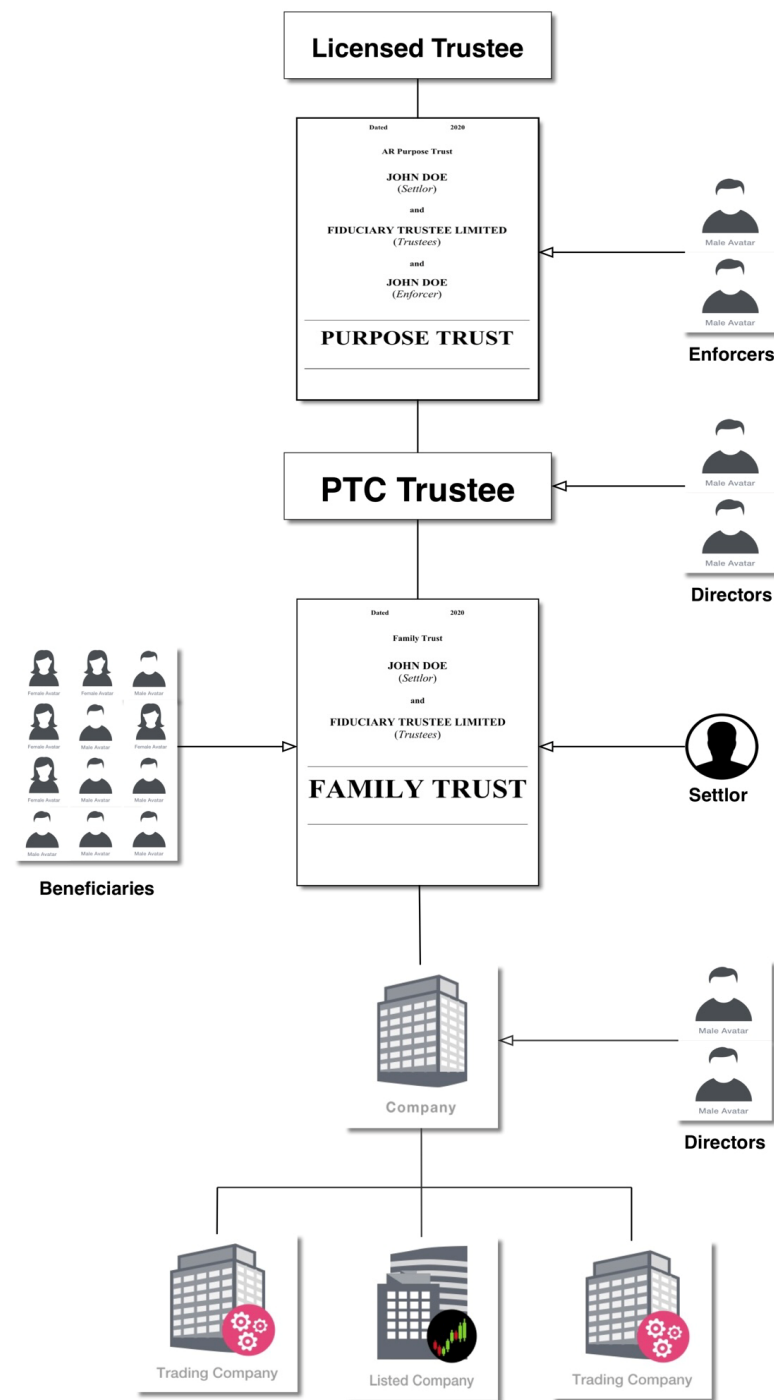
# Structure: Reserved Powers Trust



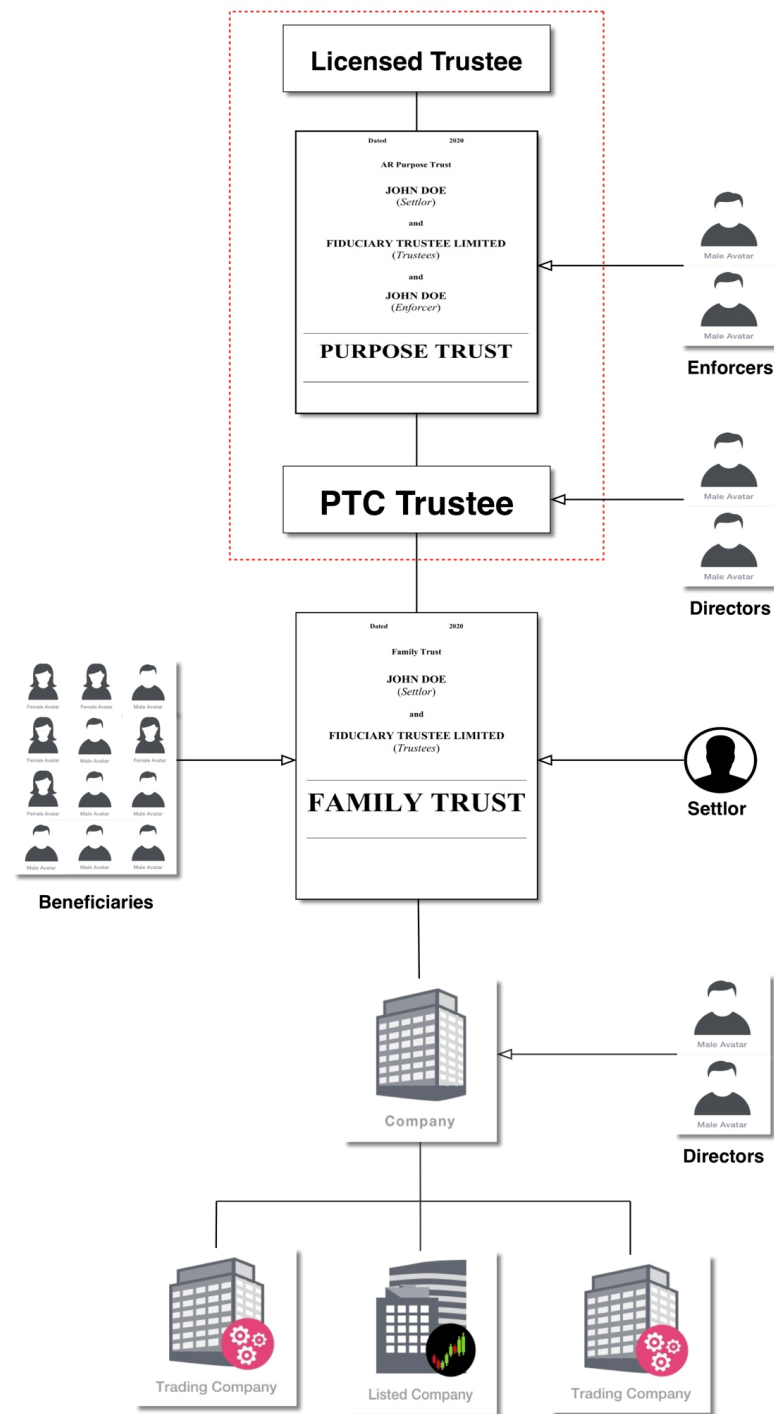
# Protector Governance



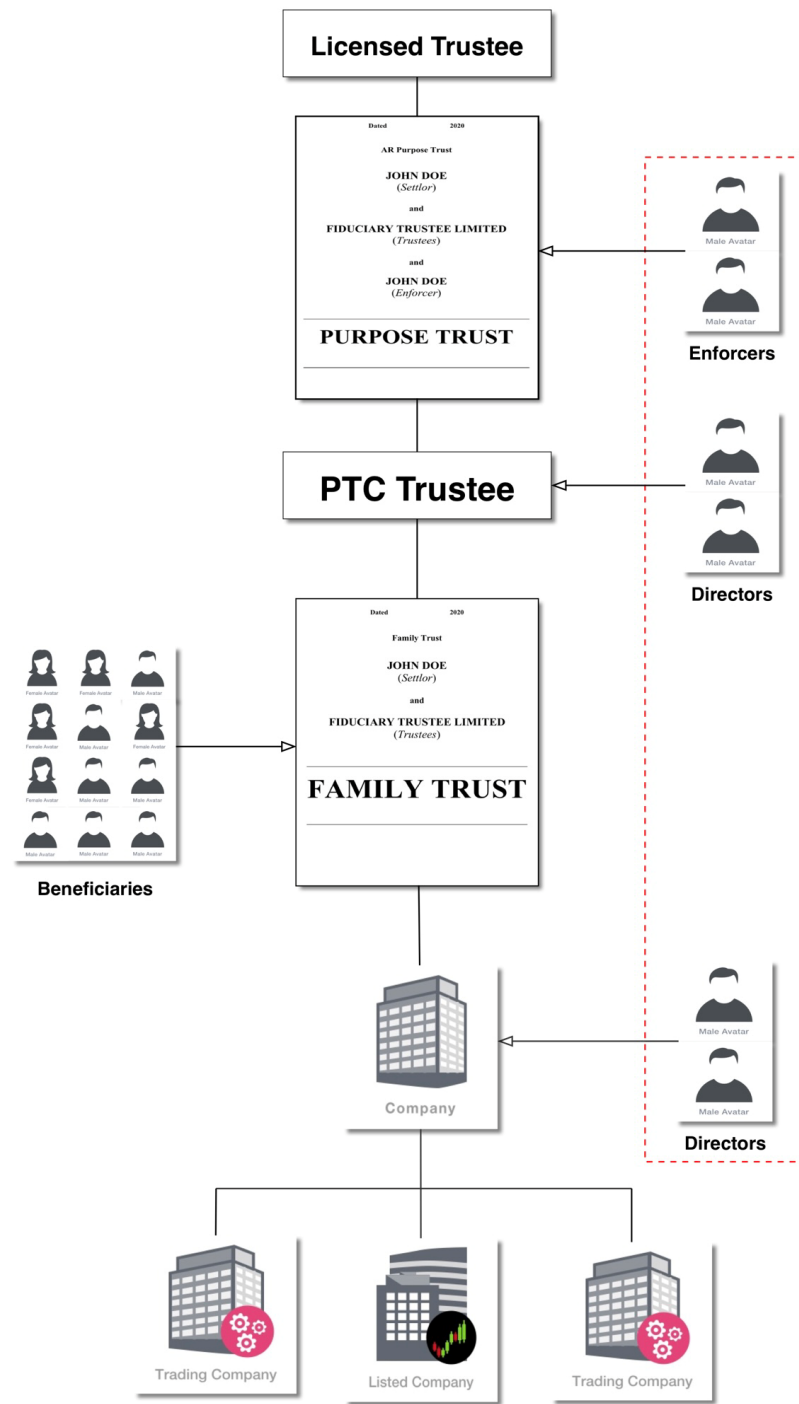
# Private Trust Company Structure



# Family Trustee Structure



# Governance Structure



# Governance

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## Governance

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- **Key Requirements:**
  - Control
  - Participation
  - Benefit
  - Abuse →



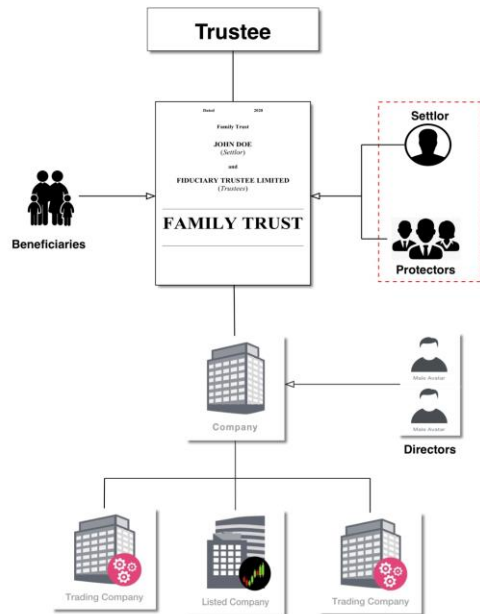


# Practical Examples

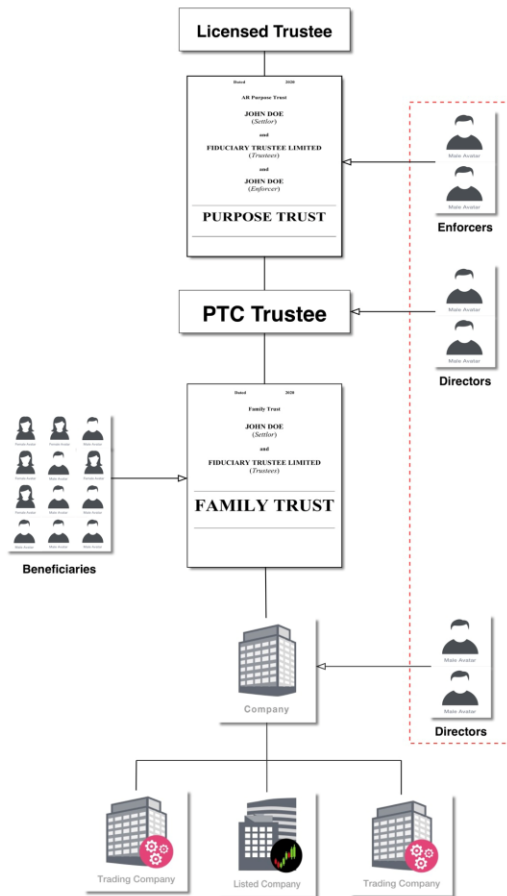
# Reserved Power Trust

- **Governance Requirements:**

- Control
- Participation
- Benefit
- Abuse →



# Private Trust Company Structure



- **Governance Requirements:**

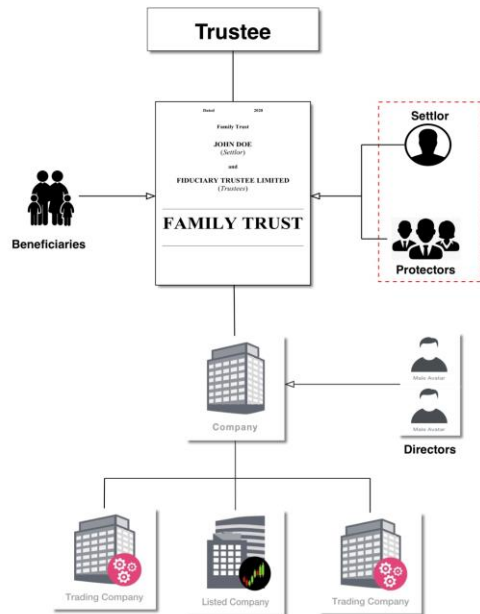
- Control
- Participation
- Benefit
- Abuse →

# Common Drafting Errors

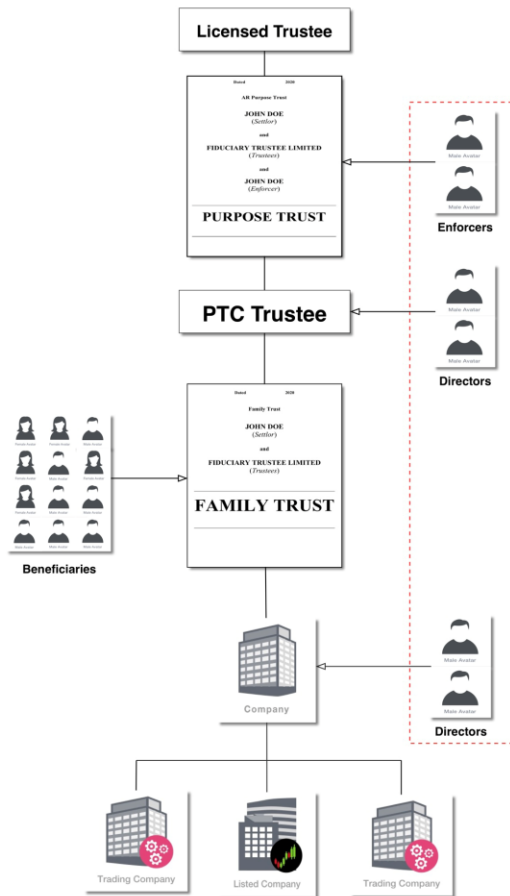
# Reserved Power Trust

- **Common Drafting Errors:**

- Ambiguous Reserved Powers
- Basic Nomination Provisions
- Ambiguous Scope of Powers
- Liability Lacuna
- No Corporate Dividend Policy
- No Director Governance
- No Express Information Rights →



# Private Trust Company Structure



- **Common Drafting Errors:**

- Unaccountable Enforcers
- No PTC Director Criteria
- No Business Director Criteria
- No Effective Checks & Balances
- No Dividend Policy
- No Express Information Rights →

# Summary



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## Summary

- Increase Business Succession Planning
- Assesses Appropriate Trust Structure
- Assesses Governance Requirements:
  - Control
  - Participation
  - Benefit
  - Abuse
- Avoid “*Repurposed*” Precedent Trust Deeds
- Educate Staff and Clients →





# **Governance & Succession** **A General Guide**

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Thanks!



# Business Succession Trust

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