



## UK Real Estate Investment Trust (REIT)

### Isle of Man benefits

As a stable and safe leading international finance centre, the Isle of Man offers many advantages for any business with aspirations of achieving UK REIT status, including:

- The Isle of Man is not part of the UK or EU
- Politically and economically stable with over 30 continuous years of positive economic growth
- High quality professional infrastructure and certainty of legal, fiscal and regulatory environment
- Favourable and transparent tax regime
- Ability to settle CREST
- Premium listed companies eligible for FTSE UK inclusion
- UK Takeover Code applicable, providing investor protection
- Listing with The International Stock Exchange (TISE) meets UK “recognised stock exchange” criteria
- Protection of Pre-Emption Rights and strong Corporate Governance Regime
- No WHT, IHT, CGT
- No pre-admission regulatory approval required for IOM closed ended Companies
- Aa1 Moody’s Sovereign Rating

### UK REIT criteria

- A company which has a property business
- It must be resident (i.e. managed and controlled and registered for tax) in the UK
- Listed on a recognized stock exchange (notably this includes the TISE)
- UK REIT can be a group of companies in which case the parent company must be UK resident and listed on a recognized stock exchange
- At least 75% of the group’s business must be property investment
- Obligation to distribute most (90%) of its qualifying income (but not gains) as property income dividends
- Income is taxable income after deducting capital allowances
- REIT must have a gearing ratio of more than 1.25:1 of profits to financing costs
- The company may also pay ordinary company dividends from which no income tax is withheld
- UK company dividends from which no income tax is withheld will have a tax credit attached to them
- After a three year grace period, a REIT must meet a diversity of ownership test, that it is held for the benefit of more than five persons

### UK REIT benefits

- UK REIT pays no tax on its qualifying property income
- UK REIT will withhold UK income tax at basic rate when making a distribution out of its qualifying property income
- Shareholders are taxed on dividends as if they were property income. This is beneficial for tax exempt shareholders (e.g. pension funds, charities) who pay no UK tax at all either at company or shareholder level
- Income is taxable income after deducting capital allowances
- The company may also pay ordinary company dividends from which no income tax is withheld
- Holding of non-UK property does not prevent a group becoming a REIT.



## **IQE experience**

IQE provides services to Redefine International P.L.C. an Isle of Man company which is a UK REIT dual listed with a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange and is included within the FTSE 250 and EPRA indices. <https://www.iqe.im/case-studies/redefine-international-plc> for further details.

## **IQE Company Secretarial Services**

IQE's Corporate Department, comprises qualified and experienced chartered secretaries, accountants and company administrators. IQE can provide a range of services for companies which are listed or quoted on a recognised stock exchange.

- Provision of a suitably qualified individual to act as secretary of the Board;
- Organising and convening meetings of the Company;
- Maintaining the statutory records of the Company;
- Taking, drafting, preparing and circulating minutes of meetings;
- The filing of statutory returns and documents required under the laws of the country of incorporation;
- Board Packs to include an agenda, share price summaries, board papers and updates, financial records, risk matrix, rolling timetable, contact details, reports of major shareholders and announcements made since the previous meeting;
- Electronic circulation of Board Packs with hard copies provided at the meeting;
- Assistance with induction and training for Directors;
- Attendance at meetings by the Company Secretary with administrative support as required;
- Arranging quotes and renewing premiums for Directors & Officers insurance;
- Maintaining a list of material contracts, directors' interests and risk matrix;
- Arranging board evaluation services;
- Preparation of AGM documents including Notice, Proxies and Chairman's script;
- Provision of procedure manuals;
- Audit of compliance with the UK Corporate Governance Code or similar codes such as King III;
- Establishing and maintaining Insider Lists;
- Advising Close Periods or Prohibited Periods to relevant parties;
- Retention of the common seal of the Company.



### **IQE Registrar Services**

- Provision of the registered office;
- Liaising with the company's CREST provider in the maintenance of the share register;
- Delivering to the Directors, any document served on the Company at its registered office;
- If required by the company, the preparation and dispatch of share certificates;
- Preparation and filing of the Company's annual return and returns of allotments.

### **IQE Administration and Accounting Services**

- Preparation of the company's consolidated financial statements including supporting working papers, in accordance with UK Generally Accepted Accounting Principles ("GAAP"), US GAAP and International Financial Reporting Standards ("IFRS") including preparation of the operating and financial review;
- Preparing interim and annual report & accounts in accordance with the relevant accepted accounting principles;
- Retaining copies of the books of account and working papers files;
- Organising the printing and dispatch of interim and annual reports & accounts
- Calculation of the net asset value of the Company in co-operation with other third parties;
- Working with the auditors of the Company including making the books and records available for audit;
- Payment of distributions, fees and expenses in accordance with the directions and authorities given by the Directors;
- Establishing and maintaining bank accounts and other treasury activities in accordance with the instructions of the Directors;
- Monthly or quarterly management accounts tailored to your needs;
- Preparation of cash flows on a regular basis;
- Retention of documents of title in secure safe custody;
- Working with the Directors in the implementation of a cash management programme;
- Ensuring that the net proceeds received from the placing are segregated into an appropriate bank account and monitoring interest rates to ensure that a competitive rate is obtained;
- Handling the day to day affairs of the Company including signing or countersigning cheques, dealing with correspondence, faxes and telephone calls.

### **Professional advice**

This fact sheet is intended to give a general overview only and does not seek to cover all situations or requirements. IQE do not accept liability for any action taken or for any omission made on the basis of any matter contained herein. IQE strongly recommend that detailed advice be sought, where necessary by reference to appropriate legislation and professional specialists. In particular, we do not provide legal or taxation advice, although we strongly recommend that this be sought, specifically in relation to your own personal circumstances and jurisdiction of residence, prior to the establishment of any entity or structure. We are able to introduce you to appropriate specialists if required.

### **For more information please contact:**

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