

# UK REITs: A great opportunity for South African investors

---

July 2018

The last few years has seen a significant increase in the number of Guernsey domiciled UK Real Estate Investment Trusts (REITs) being established for structuring international investors' property investment into the UK.

By exploiting the combined benefits of the Johannesburg Stock Exchange being a recognised stock exchange for satisfying the *listing condition* for UK REITs, and JSE listed securities being classed as *domestic investments* for South African exchange control purposes, a Guernsey domiciled UK REIT is the perfect structure for South African investors looking to invest in UK property.

## What is a UK REIT?

The UK REIT regime was introduced on 1 January 2007 to encourage investment into UK real estate, by providing a tax efficient way to invest in UK property. By meeting the qualifying criteria (more information on which can be found [here](#)) the UK REIT regime exempts companies from UK corporation tax on its UK real estate income, including both rental income and capital gains.

## What's the benefit to South African Investors?

One of the qualifying criteria for UK REITs is that its shares must be listed on a *recognised stock exchange*, which would be satisfied by a listing on the Main Board of the JSE or by a joint listing on the Alt-X market of JSE and The International Stock Exchange, based in Guernsey.

The significant benefit that this brings to South African investors is that the shares in the REIT will be classified as *domestic investments* under South African exchange controls. As a result, an investment in the REIT's shares would not count towards South African investors' Foreign Direct Investment capacity. Allowing South African investors to increase their exposure to international investments outside of South Africa.

## Why use Guernsey?

Guernsey has historically strong links with South Africa, with Guernsey being home to a number of long standing South African institutions and investment funds.

Thanks to the Guernsey - UK double taxation arrangement, a Guernsey incorporated UK REIT managed and controlled from within the UK provides South African investors with the unique combination of access to investment in UK REITs with the comfort and security offered by Guernsey's respected fund regulatory regime.

UK property fund managers looking to raise capital in South Africa can also benefit from the well established and internationally respected fund services industry that Guernsey provides.

If you are a UK fund manager looking to attract investors in South Africa, and would like further information as to how you can utilise the benefits of a Guernsey incorporated UK REIT, please feel free to contact us.

Regulatory | Real estate | Private client and trusts | Insolvency and restructuring | Dispute resolution | Corporate | Banking and finance

This note is a summary of the subject and is provided for information only. It does not purport to give specific legal advice, and before acting, further advice should always be sought. Whilst every care has been taken in producing this note neither the author nor Collas Crill shall be liable for any errors, misprint or misinterpretation of any of the matters set out in it. All copyright in this material belongs to Collas Crill.

For more information please contact:

**Simon Heggs**

Group Partner // Guernsey

**t:**+44 (0) 1481 734825 // **e:**[simon.heggs@collascrill.com](mailto:simon.heggs@collascrill.com)

**Paul Wilkes**

Consultant // Guernsey

**t:**+44 (0) 1481 734268 // **e:**[paul.wilkes@collascrill.com](mailto:paul.wilkes@collascrill.com)