



Institutional investor 'private REITs': Look no further than TISE

July 2018

After an incubation period of over 10 years from the first implementation of UK Real Estate Investment Trusts, and following the impending tax changes to offshore property holding structures announced in the 2017 budget, the UK REIT regime is now providing an attractive and increasingly popular option for institutional investors to invest in UK property.

Where institutional investors are utilising the *close company* exception provided in the UK REIT regime to establish their own closely held REIT, they should look no further than The International Stock Exchange to satisfy the REIT listing condition.

Why list on The International Stock Exchange?

One of the qualifying criteria to become a UK REIT is that the REIT's shares be listed on a recognised stock exchange, which includes The International Stock Exchange, the stock exchange based in Guernsey.

When comparing TISE to the alternative of listing on the London Stock Exchange, TISE provides a number of advantages to both English and Channel Islands incorporated UK REITs, including:

- **Exemption from free-float requirement:** TISE exempts REITs from the typical requirement for companies to have 25% or more of their listed shares held by the public. This makes TISE the ideal exchange for REITs which will be privately owned by a single or small number of institutional investors.
- **Responsive approach:** TISE is sensitive to its clients' deadlines and its listing and membership committee meets daily to consider applications, meaning an application can be listed within 4 – 6 weeks.
- **Competitive pricing:** initial and annual fees vary according to product type (rather than market capitalisation) and are extremely competitive – listing fees are presently under £6,000 and annual fees for REITs are currently set at £2,500.
- **Flexibility:** TISE maintains global recognised standards based on London market norms whilst being pragmatic, proportionate and adaptable to the needs of individual investment businesses.
- **Limited Continuing Obligations** – when compared to the requirements of the Listing Rules and the AIM Rules, TISE places far less onerous continuing reporting obligations on REITs. This can significantly reduce the ongoing compliance costs of the REIT once listed.

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Where the listing of the REIT is predominantly for technical purposes, in satisfying the listing condition, the overall cost of a listing on TISE is likely to be a fraction of the cost a REIT would face for an equivalent listing on LSE, and the whole process can be completed in a matter of weeks. In these circumstances, TISE should be the first and only port of call.

Collas Crill has extensive experience in advising companies on establishing and listing their REITs. Collas Crill also operates its own TISE approved listing sponsor, so we can cover all of your legal and TISE requirements under one roof.

If you would like to find out how your REIT can benefit from listing on TISE, please feel free to contact us.

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