

SECTOR SOLUTIONS: REAL ESTATE  
AND CONSTRUCTION

## REAL ESTATE FUND STRUCTURES

The right structure can  
maximise your returns

In a challenging marketplace, finding the right fund structure that takes advantage of opportunities as they arise and that will appeal to your investors is key. Our dedicated team of experts can help you:

- Maximise gains in a challenging marketplace.
- Plan a fund that meets regulatory standards and matches your prospective investor profiles.
- Evaluate your fund choices by advising you based on our wealth of practical experience of working with fund structures, both in the UK and internationally.



## Indication of potential UK tax leakage from 6 April 2010 for alternative fund structures:

(Based on anticipated gross returns of 100 from UK property)

This table is an indication of UK tax outflow for different fund structures from 6 April 2010. When we meet with you we will go through in more depth the underlying assumptions, their relevance to your business model and help you identify the most suitable structure for your particular circumstances.

Investor	REIT			Offshore Co			Limited Partnership			Offshore Trust (Baker)			UK Co		
	Income	Gains	Exit	Income	Gains	Exit	Income	Gains	Exit	Income	Gains	Exit	Income	Gains	Exit
UK resident and domiciled individual	50	50	18	48.9	36.1	18	50	18	18	50	18	18	54	54	18
UK resident and non-domiciled individual (funds remitted)	50	50	18	48.9	36.1	18	50	18	18	50	18	18	54	54	18
UK resident and non-domiciled individual (funds not remitted)	20	20	0	20	0	0	20	0	0	20	0	0	28	28	0
Non UK resident individual	20	20	0	20	0	0	20	0	0	20	0	0	28	28	0
UK tax resident company	28	28	28	42.4	28	28	28	28	28	28	28	28	28	28	28
Non UK tax resident company	20	20	0	20	0	0	20	0	0	20	0	0	28	28	0
Tax exempt fund	0	0	0	20	0	0	0	0	0	0	0	0	28	28	0

Please note: Various assumptions have been made with regard to the tax profile of the investors and the structures they would use to hold their investment in the fund. The chart is no substitute for specific advice in relation to the circumstances of the proposed investment.

**'With UK income tax rates as high as 50 per cent after 5 April 2010 and recent changes in the tax treatment of non-domiciliaries impacting on prospective investors, getting the right structure for Real Estate investment in the UK is vital for maximising returns'**

PHILIP SPENCER, UK TAX PARTNER, BDO

### Proven Experience

You will benefit from our breadth of knowledge, both in the UK and internationally through our network of over 600 offices world-wide, the depth of our industry understanding and the tailor-made approach we take to each individual situation.

In addition, we are able to advise you on all stages of the fund investment, from the initial structuring, to ongoing tax and regulatory issues as well as audit and assurance services.

We are advisers to many of the leading names in the real estate sector. Our specialist real estate and construction team ensure they are up to date with commercial developments and share this information with clients in a way which is relevant to their business.

### Key contacts, BDO 55 Baker Street, London W1U 7EU

#### Philip Spencer

Tax Partner

020 7893 2483 or philip.spencer@bdo.co.uk

#### Hira Sharma

Tax Partner

020 7893 3403 or hira.sharma@bdo.co.uk

#### Robin Hutton

Tax Director

020 7893 2432 or robin.hutton@bdo.co.uk

#### Stephen Herring

Tax Partner

020 7893 2437 or stephen.herring@bdo.co.uk

#### Richard Bertini

Tax Director

020 7893 2474 or richard.bertini@bdo.co.uk

#### Nick Hostler

Senior Tax Manager

020 7893 2695 or nick.hostler@bdo.co.uk



'Audit Team of the Year' 2008

'Tax Team of the Year' 2008

'Corporate Finance Deal of the Year' 2008

BDO LLP operates across the UK with some 3,000 partners and staff. BDO LLP is a UK limited liability partnership and a UK Member Firm of BDO International. BDO - Belfast, a separate partnership, operates under a licence agreement. BDO International is a world-wide network of public accounting firms, called BDO Member Firms. Each BDO Member Firm is an independent legal entity world-wide and no BDO Member Firm is responsible for the acts and omissions of another member. The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands with its statutory seat in Eindhoven (trade register registration number 33205251) and with an office at Boulevard de la Woluwe 60, 1200 Brussels, Belgium, where the International Executive Office is located.

BDO LLP and BDO - Belfast are both separately authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Shamrock Marketing Ltd). To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Amanda Bunney on 020 7893 2104 or email amanda.bunney@bdo.co.uk

Copyright © October 2009. BDO. All rights reserved.



This document is printed on 9lives 80, a paper containing 80 per cent recycled fibre and 20 per cent virgin Totally Chlorine Free (TCF) fibre sourced from sustainable forests. 9lives 80 is produced by an ISO 14001 accredited supplier.