



Louvre Group

C l i e n t B r i e f

Managing Directors welcome.

Welcome to the second issue of the Louvre Fiduciary Group Client Brief.

Focus - Real Estate Investment Trusts - the Guernsey angle.

Judging by the response to our first Client Brief it seems clear that short, succinct regular updates and information briefs are what our colleagues require.

Since the first Client Brief went to press the UK Chancellor, Gordon Brown, has delivered his Budget speech and with it still further anti-avoidance provisions. Some relate to a broadening of the disclosure rules, while more specific examples relate to changes to the taxation of Accumulation and Maintenance Trusts and Interest in Possession Trusts. The impact of this has still to be assessed.

However, we are always looking for the positive and this issue focuses on the exciting new opportunities that exist with the introduction of the **Real Estate Investment Trust (REIT)** legislation on 1 January 2007.

REIT's will be well known to our colleagues in the US, France, Australia and Japan, but their introduction into the UK marks a huge boost for the property sector that will attract much more investment and a greater need for top quality fund administrators.

In Guernsey, over the years, we have developed the systems and expertise that make us one of the worlds leading fund administration centres. At Louvre Group we have that expertise within Louvre Fund Management Limited and will be pleased to assist you and your clients.

Derek Baudains
Managing Director



"It is a very funny thing about life: If you refuse to accept anything but the best, you very often get it" **W.Somerset Maugham**



Real Estate Investment Trusts (REITs)

A positive change for the UK property sector and an opportunity for the Guernsey fund administration industry.

Real Estate Investment Trusts (REIT's) are a straightforward concept - an investment vehicle that pools investor's money and invests it in property. The property may be commercial (for example, shopping centres or industrial units) or private residential. The concept will be familiar to our colleagues in the US, Australia, Japan and France.

Their introduction into the UK has followed extensive consultation between the Government and the property industry that has resulted not only in a tax efficient, alternative structure for the establishment of property funds, but will allow existing property funds, companies and corporations with property portfolios, to convert.

This provides an exciting opportunity for the Guernsey fund administration industry. Firstly, there will be a surge in demand and market for fund administration services but, secondly, and more importantly, the administration of a UK-REIT will be little different from the mechanics of administering an Offshore Fund that distributes dividends on a regular basis. This means Guernsey, with its well established and respected technical and administration skills and systems, is well placed to become a leading service provider to fund managers establishing REITs.

There are additional reasons why Guernsey and fund managers such as ourselves at Louvre Group, will be actively promoting our administration services. One is the Channel Islands Stock Exchange (CISX).

Although a UK-REIT has to be closed-ended, UK tax resident and listed on a recognised stock exchange, the listing can be on a recognised exchange outside of the UK such as the CISX. The cost of this is minimal compared to a UK listing.

Add to this that the place of incorporation of the REIT can also be outside of the UK - for example in Guernsey - then there is a neat, cost-effective package that makes Guernsey a very attractive option for the establishment and ongoing administration of a REIT.

All the signals suggest that the UK-REIT is set to be a success and that the Guernsey fund administration industry, with its excellent reputation and proven systems and administrative skills, will become a key administration centre.

At Louvre Group we will be pleased to discuss the options available so for more information please contact Lynn Giovinazzi at lynn.giovinazzi@louvregroup.com or, telephone +44 (0) 1481 727249 or Kevin Gilligan at kevin.gilligan@louvregroup.com, telephone +44 (0) 1481 748955

Real Estate Investment Trusts - Key points

- Can be administered in Guernsey by proven professionals
- Can be incorporated in Guernsey
- Channel Islands listing at the fraction of the cost of a UK listing
- Existing UK property companies can convert
- Fixed 2% conversion charge
- Greater investment from retail and institutional investors
- 90% of income must be distributed as dividends

Louvre Fund Management Limited

Louvre Fund Management Limited (LFM) is celebrating its sixth year in the investment business. Initially established to provide straightforward investment services to clients, it has grown to become a key member of the Louvre Group.

LFM is headed up by associate director Kevin Gilligan who has seen the variety of services offered change dramatically over the years.

"We began by advising clients on their choice of portfolio strategy or portfolio manager and the diversity just grew from there. Now we have the capability to

work with Investment Holding Companies, Collective Investment Schemes, Limited Partnerships, Employee Benefit Trusts and Capital Protection Products".

Kevin considers their interaction with other investment professionals to be a key strength. "We enjoy working with other specialists who are often brought in by our clients. We can act simply as a service provider or as the project manager, coordinating all the different aspects of an investment structure, using our local knowledge and experience."

"Guernsey offers an excellent base, with, for example, such innovative

structures as the Protected Cell Company and Incorporated Cell Company, and the possibility of listing on the Channel Island Stock Exchange, but we cover a much wider range including other jurisdictions and all aspects of day to day administration. So, if we are asked to handle, say, a fund under the new UK Real Estate Investment Trust legislation, the answer is a big 'Yes!'"

Kevin or Lynn will be pleased to discuss any requirements you have. Please telephone or contact them by e-mail at -

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