Proskauer

An Investment Guide to UK Real Estate

July 13, 2018

The UK real estate market has always been and remains popular for overseas investment, with easy access to high-quality legal advice and no restrictions on the flow of capital into or out of the country.

English law also represents a long-established, predictable legal system, allowing investment decisions to be made with confidence and certainty. This guide provides an overview of the key factors to consider when investing in UK real estate.

A snapshot of the topics covered in this guide:

- **Investment Structures:** It is very common for investors in UK real estate to use one or more special purpose vehicles or "holding entities" to hold an investment. These vehicles can take many forms. Different holding entities also have different legal and practical challenges, however. While there can be significant financial and other advantages to using holding entities to invest in UK real estate, detailed legal and tax advice always is required before deciding on what to use.
- **Corporate/Asset:** When assessing a potential investment in UK real estate, you will need to determine whether the transaction is to be the acquisition of real estate assets, or the acquisition of a company or other structure holding real estate.
- **Tax:** The UK tax system is complex and applies differently depending on the type of transaction you are entering into and a bespoke in-depth analysis will be required for each situation. The purchase of UK real estate assets will attract UK stamp duty land tax (SDLT). The UK government has proposed that, from April 2019, the change to capital gains tax on non-UK residents will be extended to corporation tax on gains on disposal of UK commercial real estate.
- **Deal Issues - Land registration, types of ownership and due diligence:** If you are considering investing in the real estate market in the UK we would recommend a preliminary due diligence review undertaken of any real estate interests you may have identified as opportunities. This preliminary review, together with the in-depth knowledge of your trusted advisors on the target market,

will inform you whether the asset has a good and marketable title and whether it is suitable for your needs.

- **Funding:** If you require third-party debt financing to complete your UK commercial real estate transaction (or to refinance following completion), there is a broad array of financial institutions in the market offering loan solutions. The UK debt market for commercial real estate provides a range of flexible options to meet your funding requirements.
- **Asset/Operating Considerations:** Some investments require little ongoing management or involvement from its new owner, while others may require a third party manager to assist you. Each type of asset has its own set of legal issues which need to be evaluated as part of the due diligence process and, thereafter, managed by appropriate specialists.

Related Professionals

- **Vikki McKay**
  Partner