

# CLIENT SUCCESS STORY

## PROPERTY PORTFOLIO DEMERGER

### THE SITUATION

We were approached by a client who required our help in facilitating the separation of their company, which consisted of a holding company and its subsidiary. The group's main activity revolved around property investment. At the time, the holding company owned five properties, while its subsidiary owned an additional three, bringing the total to eight properties with an estimated combined value of £8,000,000. The shareholders of the group had engaged us to discuss their intentions and explore potential solutions for a restructuring. Their primary goal was to divide the company's assets, including the properties and cash, in proportion to their shareholdings. They expressed a desire to create independent companies, thus enabling them to pursue their own business interests separately.

### THE SOLUTION

Upon reviewing the situation, we identified that the primary commercial reasoning for the separation was a disagreement among shareholders, which had begun to impact the company's growth and strategic direction. After careful assessment, we determined that the most effective solution to achieve the desired structure was by a property demerger. To assist this process, we prepared a detailed and comprehensive report outlining the necessary steps, including a comprehensive analysis of the tax implications, reliefs, and technical considerations.

### THE OUTCOME

By undertaking this project, the clients successfully separated the properties into their respective companies, allowing them to pursue independent goals. The process was structured to ensure the property transfers were completed without incurring tax liabilities, achieving substantial savings through the application of SDLT and CGT group reliefs.

**ADAM LEDIARD**

CORPORATE TAX ASSISTANT MANAGER

