

# Real Estate Investment Trusts (REITs) Fact Sheet

Real Estate Investment Trusts (REITs) offer a simplified method of investing in UK commercial and residential property. The aim of REITs is to provide an opportunity for investors to invest

in property in a highly tax-efficient manner, while being highly liquid and operating under strong corporate governance.

The concept of a REIT is simple: it is a company which owns and operates income-producing real estate - this can be commercial or residential. REITs are designed to provide security on the income from rented property assets in a tax-efficient way, bringing returns from investing in a REIT in line with traditional property investments.

## A SELECTION OF COMPANIES WITH UK REIT STATUS:

- Primary Health Properties
- Tritax Big Box
- LondonMetric Property
- British Land

## HOW ARE REITs TRADED?

REITs are traded in the same way as any other share on the stock market. Importantly, there is no difference in how a REIT is listed on trading screens and within newspapers. Pricing and trading is also the same, so you can call us as usual to obtain the latest price information.

## THE RISKS & BENEFITS OF REITs

The main benefit of REITs is the ability to gain diversified exposure to the returns of physical property with smaller investment amounts and a high level of liquidity given the shares are publicly traded securities. In addition, the shares of REITs are able to be held in tax efficient accounts such as Stocks and Shares ISAs and SIPPs.

The biggest risk to REITs is in their interest rate sensitivity given income, or yield, is the primary source of returns. During periods of rising interest rates, capital values may decline as property yields move higher within the prevailing market environment. In addition, debt is often used to enhance returns, which can both add and detract from potential returns depending on how much leverage is used within the portfolio.

## THE NEXT STEP

Buying and selling REITs is done in the same way as any other share: pricing and trading is in real time and you can contact your local Redmayne Bentley office for information.

Investments and income arising from them can fall in value and you may lose some or all of the amount you have invested. Tax treatment depends on the specific circumstances of each individual and may be subject to change.