



**EPRA**  
EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

LEAFLET  
2018

## LISTED REITs IN THE EUROPEAN UNION

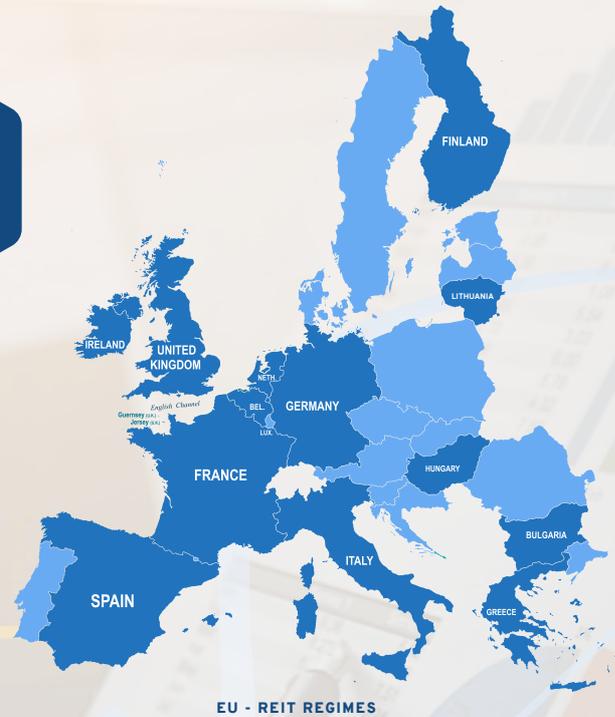
Listed Real Estate Investment Trusts (i.e. REITs) are publicly listed property investment companies that **own, operate, develop and manage** real estate assets for obtaining returns from rental income and capital appreciation. They represent a liquid, transparent and professionally managed asset class which allows for diversified exposure to real estate returns over the medium to long-term and high cash dividends. **Thirteen member states** in the EU have already recognised a public benefit to incentivise real estate investment through public markets and have introduced REIT legislation to maximise returns through an effective tax pass-through. These 13 EU member states now **represent 81%** of the entire listed real estate market in the EU.<sup>1</sup> Thus the question that arises next is how can the creation of the EU Capital Market Union further increase the benefits that the growth of listed REITs have brought to the EU?

<sup>1</sup>Source: [EPRA Total Markets Table - Q3-2018](#)

**Five-fold increase**  
since 2008

**Further potential compared with:**  
US REITs free float market cap is 5 times larger than the overall size of the European RE market

**Real Estate 11th sector in GICS and ICB**



REIT REGIMES

NO REIT REGIMES

### EU REITs in numbers

71\*



COMPANIES

VALUE OF THEIR ASSETS\*\*

€302.08bn

TOTAL MARKET CAP\*\*\*

€157.04bn

FREE FLOAT\*\*\*

79.84%

\* EPRA developed and emerging Europe index constituents in the EU

\*\* EPRA developed and emerging Europe index constituents in the EU at the end of 2017

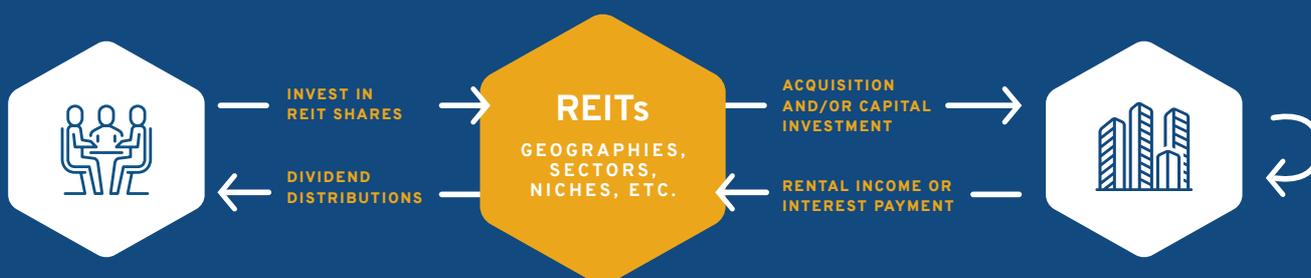
\*\*\* Free float represents the amount of shares available to investors on the market. As at September 2018.

## The purpose and function of the REIT regimes

Listed REITs are tax transparent so investors effectively receive income (most of which must be distributed annually) **as if they were directly investing** in the property market, and tax is collected upon distribution of that income to avoid a double taxation. Hence, the objective of a successful REIT regime is to **create a level playing field** between investors into corporate vehicles (REITs) and those larger investors that have sufficient scale to invest directly (and who often rely heavily on debt to fund their real estate investments). This way the national Governments attract more **transformative capital for countries, regions and cities and contribute to their development**. Furthermore, they would help decrease the distortion towards debt financing in the capital intensive real estate market and help increase the stability of domestic real estate markets.

## REITs operate like a real estate vehicle but more efficiently

**HIGHER LIQUIDITY, LOWER TRANSACTION COSTS AND HIGHER LONG-TERM RETURNS**



## The ideal listed REIT in the European Union would be:

- ✓ Listed on the EU/EEA Stock Exchange;
- ✓ Highly liquid (free float requirement of the Index);
- ✓ Owning and operating income producing property (i.e. long-term property investments);
- ✓ Strong performer in a long-term with high returns;
- ✓ Accessible to all investors;
- ✓ Professionally and internally managed;
- ✓ Obligated to distribute on average 90% of income as dividends to shareholders;
- ✓ Shareholders would pay income tax on those dividends (avoiding a double taxation of the same income);
- ✓ With a corporate structure and a business strategy being outside the AIFMD scope;
- ✓ No restriction for foreign investors.



EPRA is the voice of the publicly traded European real estate sector, which we achieve through the provision of better information to investors and stakeholders, promotion of best practices and the strengthening of our industry.

Find out more about our activities on [www.epra.com](http://www.epra.com)