EPRA
EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

LEAFLET 2023

LISTED REITs IN EUROPE

Listed Real Estate Investment Trusts ("REITs") are companies that **own, operate, develop and manage** real estate assets for obtaining returns from rental income and capital appreciation. They help communities grow, thrive, and revitalise and provide an investment opportunity that makes it possible for everyday citizens as well as large institutional investors to **benefit from valuable real estate, dividend-based income and total returns.** As societies in Europe are facing challenges to provide for their rapidly greying populations, **REITs play a crucial part in providing retirement security to millions of people**, by offering long-time investors like pension funds and insurers stable and highly competitive assets to invest in. Fourteen European countries have already recognised a public benefit to incentivise real estate investment through public markets and have introduced REIT legislation in their jurisdiction. Providing an overarching framework for mutually recognising REIT legislations across jurisdictions would bring a significant boost to cross-border investments in Europe.

EUROPE - REIT REGIMES

REIT REGIMES | NO REIT REGIMES

Five-fold increase
since 2008

Further potential compared with:
US REITs market cap is 5 times larger than the overall size of the European Listed REITs market

Real Estate 11th sector in GICS and ICB

REITs in Europe

240 COMPANIES

OF WHICH **67**

INDEX CONSTITUENTS*

VALUE OF THEIR ASSETS**

€326bn

TOTAL MARKET CAP**

€120bn

FREE FLOAT***

84.1%

** EPRA developed and emerging Europe index constituents in the EU and the UK as of December 2022*
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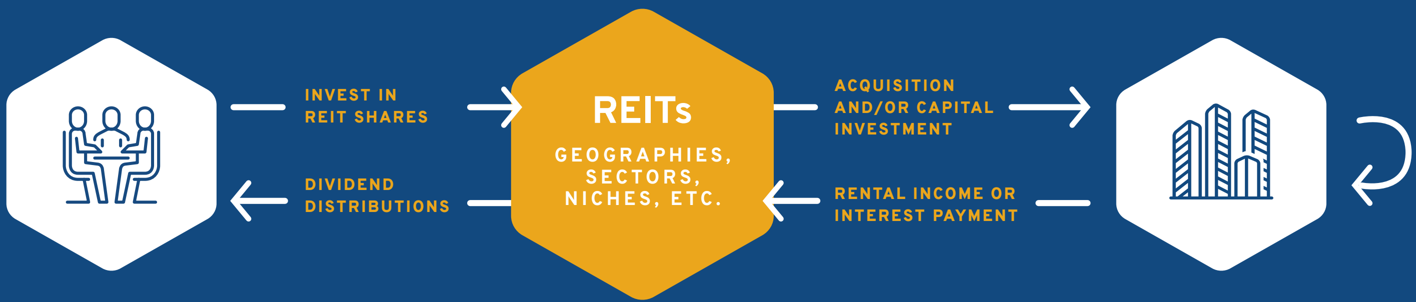
**** Free float represents the amount of shares available to investors on the market as of December 2022*

How does a REIT regime work?

Anyone, from retail investors to large institutional investors, can invest in the underlying assets of publicly quoted REITs, **the same way as investing in other industries** - through purchasing shares. The shareholders of a REIT earn a share of the income produced, without actually having to go out and buy, manage or finance property. Most of the income from the properties, on average 90%, **must be paid directly to investors as a dividend on a regular basis**. Conditional on the mandatory high dividend pay-out, REIT regimes waive corporate income tax on the trusts. Investors therefore pay tax once, on dividends at their personal rate, rather than incur double taxation at both the REIT level, and the personal level. Next to the 14 countries establishing REIT frameworks, **more European countries are looking to initiate specific legislation**. Although some governments fear a loss of tax income, studies have shown that REITs actually result in high tax revenues due to their economic activity.

REITs operate like a real estate vehicle but more efficiently

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



REIT framework characteristics:

- democratise real estate ownership;
- help build national retirement savings in an efficient and stable manner;
- effectively deepen capital markets and investment opportunities in a jurisdiction;
- support economic development, generate social capital and other non-financial dividends;
- generate attractive and long-term total returns;
- promote professional management;
- encourage the free flow of equity within domestic markets and across borders;
- provide liquidity by ensuring real asset securities are easily tradeable;
- contribute to a more transparent and trusted marketplace;
- enable property companies to scale up their investment in sustainable real estate;

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. With more than 280 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 790 billion of real estate assets* and 94% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

Find out more about our activities on www.epra.com