

REAL ESTATE INVESTMENT TRUSTS (REITs)

CHAPTER 9 Pages 375 - 389

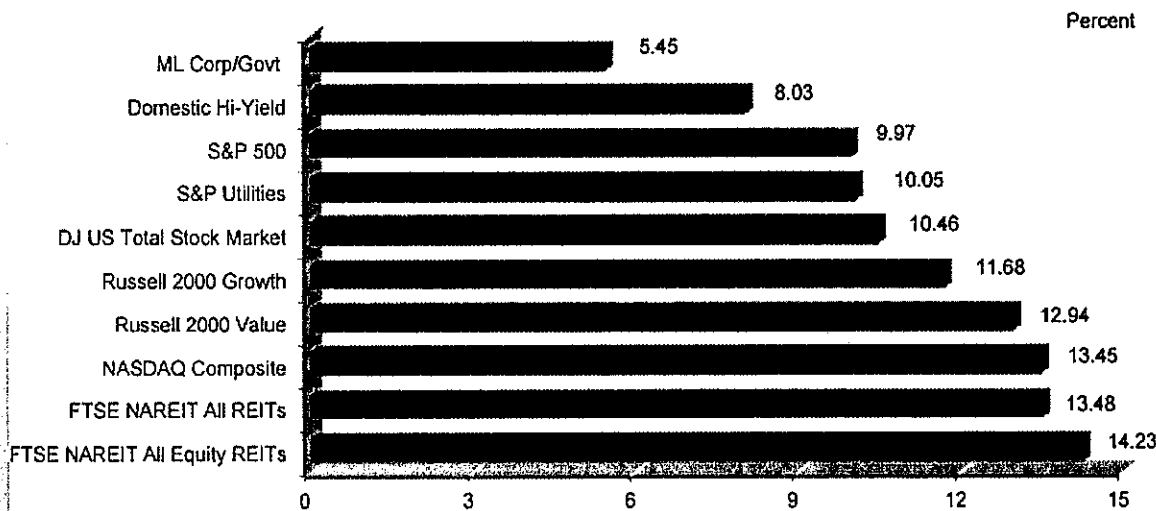
WHAT IS REITs

- Raise capital to purchase and operate real estate asset
- Over 90% of rental income is distributed back to the shareholders as dividends (DPU: Distribution per unit)
- REITs enable you to earn a portfolio of properties and earn passive income.
 - Minimal investment
 - No stamp duty
 - No taxes on rental income
 - No hassle taking mortgage loan, managing tenants, & maintaining the properties
 - Diversify risk

PHYSICAL PROPERTY VS REITS

Physical Property	REITs
Illiquid (High transaction cost)	Liquid (Low transaction cost)
Location risk	Diversifies properties
Need to manage tenants and maintain property	Professionally manage
Need to pay stamp duty and tax on rental income	No stamp duty & no tax on dividend rental income

20-Year Average Annual Total Return
February 1997 - February 2017



ETF & MUTUAL FUND & REITS (HAVE IN COMMON)

- ALL ARE LESS RISKY THAN INVESTING IN INDIVIDUAL STOCKS/BONDS
- ALL OFFER A WIDE VARIETY OF INVESTMENT OPTIONS
- ALL ARE OVERSEEN BY PROFESSIONAL PORTFOLIO MANAGERS

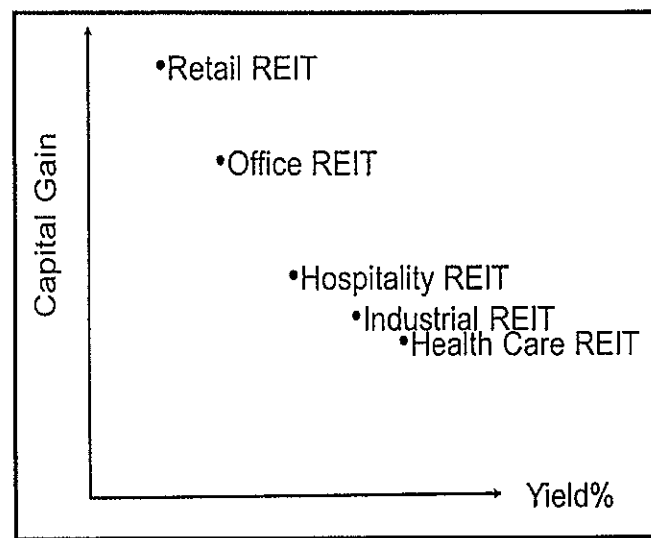
TYPES OF REITs

- **Retail REITs** (Malls & Shopping Centers)
 - More recession proof
 - Land Lord has strong bargaining power
- **Office REITs**
 - Highly cyclical/correlated to economy
- **Industrial REITs**
 - Limited capital gain
 - Huge volatility in times of recession

TYPES OF REITs

- **Hospitality REITs**
 - Highly cyclical
- **Health Care REITs**
 - Most stable/Drops the least during a crisis
 - Maximum yield & minimum capital appreciation

Comparing the Different REITs



FIVE SCREEN FOR SELECTING RIETS

- Price "Over \$5"
- Dividend Yield "Over 4%"
- EPS Growth Next 5 Years "Over 10"
- Institutional Ownership "Over 40"
- Analyst Recommendation "Buy or Better"

CONCLUSION

REITs over time have demonstrated a historical track record providing a **high level of current income** combined with **long-term share price appreciation, inflation protection, and prudent diversification** for investors across the age and investment style spectrums.

SCREENER

FINVIZ

REIT Screener@ETF screener.com

List of reit and real estate funds/nariet-reit.com

Malaysia REIT

**Good Luck &
All the Best**