



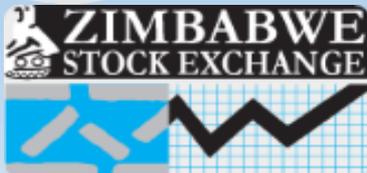
REITS MASTERCLASS

REITS MODELS

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01

BACKGROUND



**Insurance and Pensions
Commission**



REITS BACKGROUND

Principle behind

- The REIT structure in USA was initially designed to permit small and medium-sized investors access, albeit indirectly, to the commercial real estate asset class thereby providing a means to achieve the benefits associated with real estate investment for many investors for whom direct equity investment is beyond their means.
- Touted as a solution to pooling funds from investors for **purchasing, developing or financing property.**

02

REIT CATEGORISATION

Categories of REITS

There are two broad categories for REITs namely Equity and Mortgages and are based on the type of investment they make and the nature of their revenues.

A third category is Hybrid which is a combination of the two. We also have a Development REIT.

EQUITY REIT (E-REIT)

- Equity REITs derive the majority of their revenues from the rents paid by tenants according to the terms of leases that exist between the REIT and its tenants.



Insurance and Pensions
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Mortgage REIT (M-REIT)

- ⌞ M-REITs lend money to real estate owners directly by issuing mortgages, or directly by acquiring existing loans or mortgage backed securities. Their revenue is derived from interest received on the loans or investment in real estate instruments (Bonds)
- ⌞ M-REITs are analogous to Banks that lend almost exclusively to developers and landlords except that they do not have customer deposits from which to lend.
- ⌞ They raise capital by issuing debt and equity in the financial capital market.

Income/Rental - REIT

- owns and manages income generating real estate for the benefit of its investors therefore providing both liquidity and a stable income stream;
- Distributions to investors are underpinned by commercial leases;
- income returns are generally predictable.

Development REIT

- is a development and construction real estate trust involved in the development or construction projects for housing, commercial and other real estate assets.

Mortgage REIT

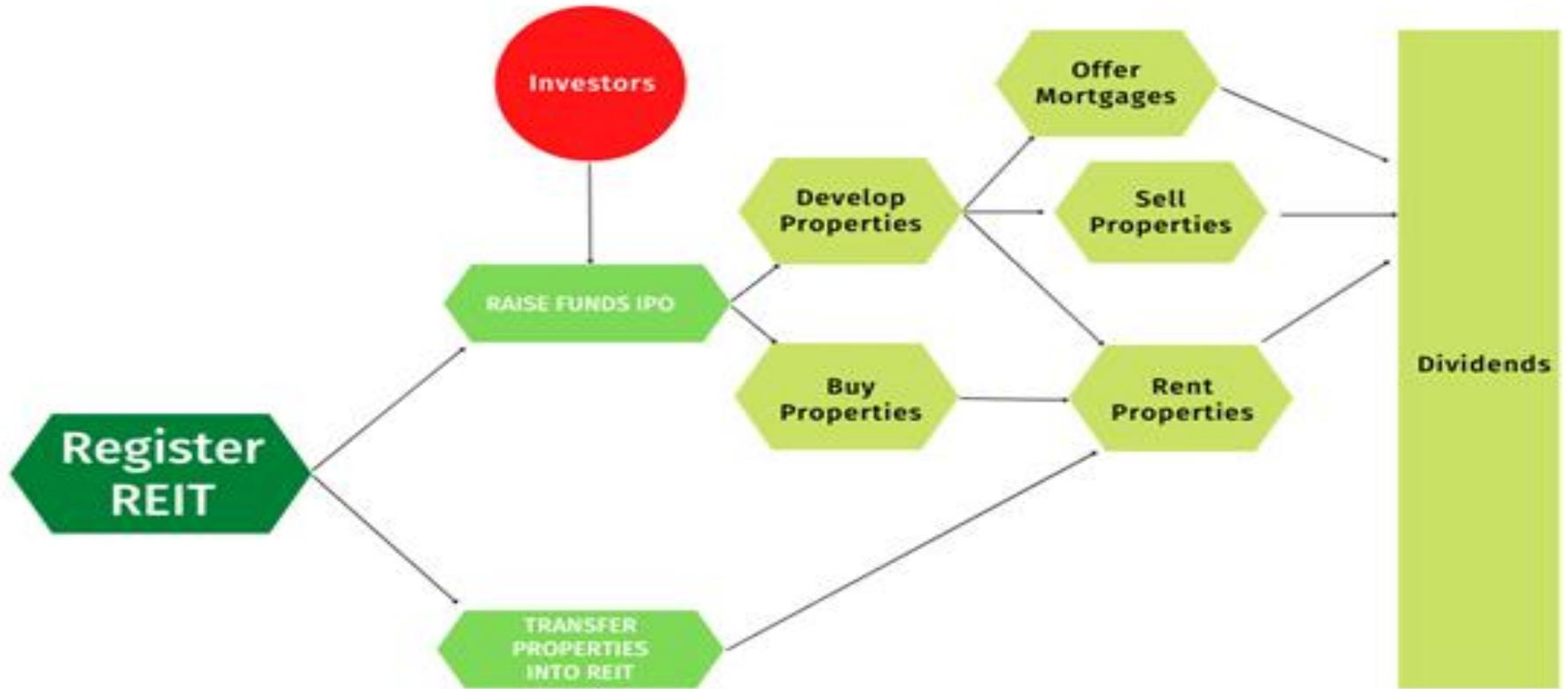
- invest in mortgages, mortgage-backed securities, and related assets and generate revenue through interest income;
- Expose investors to credit risk

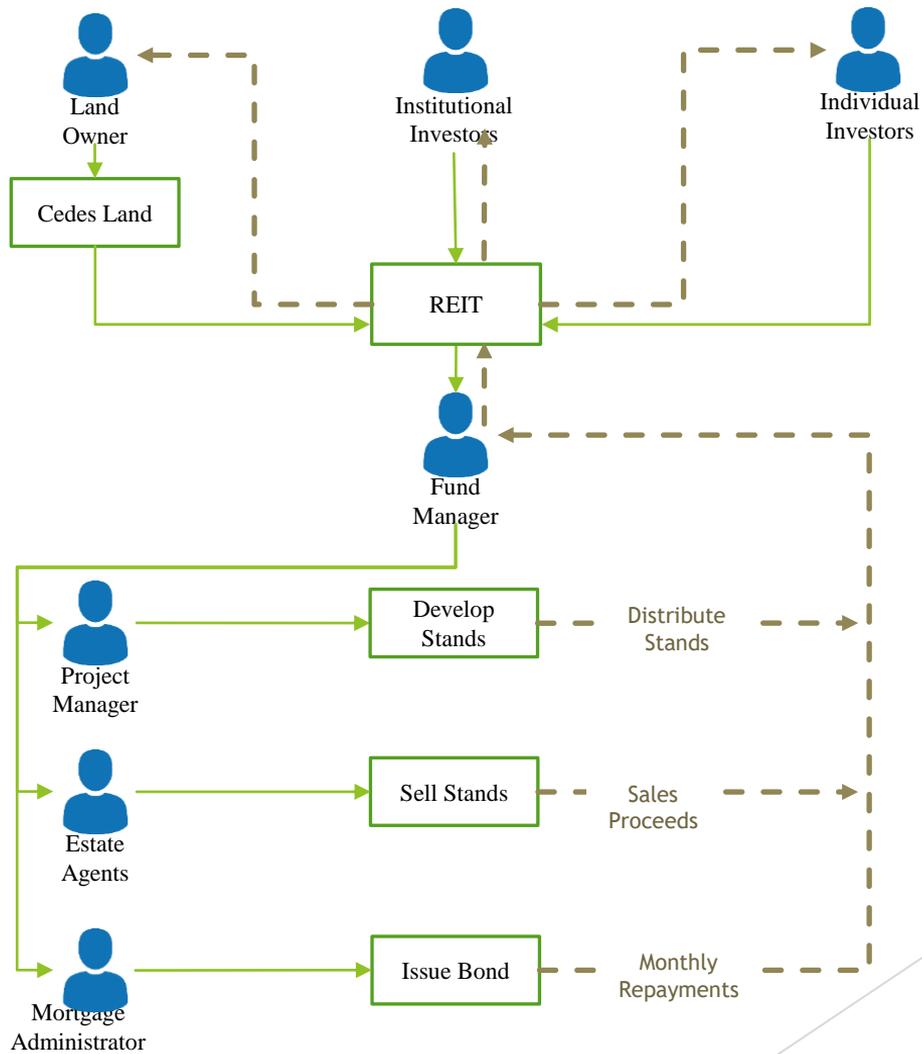
Sector Specific Type of REITs

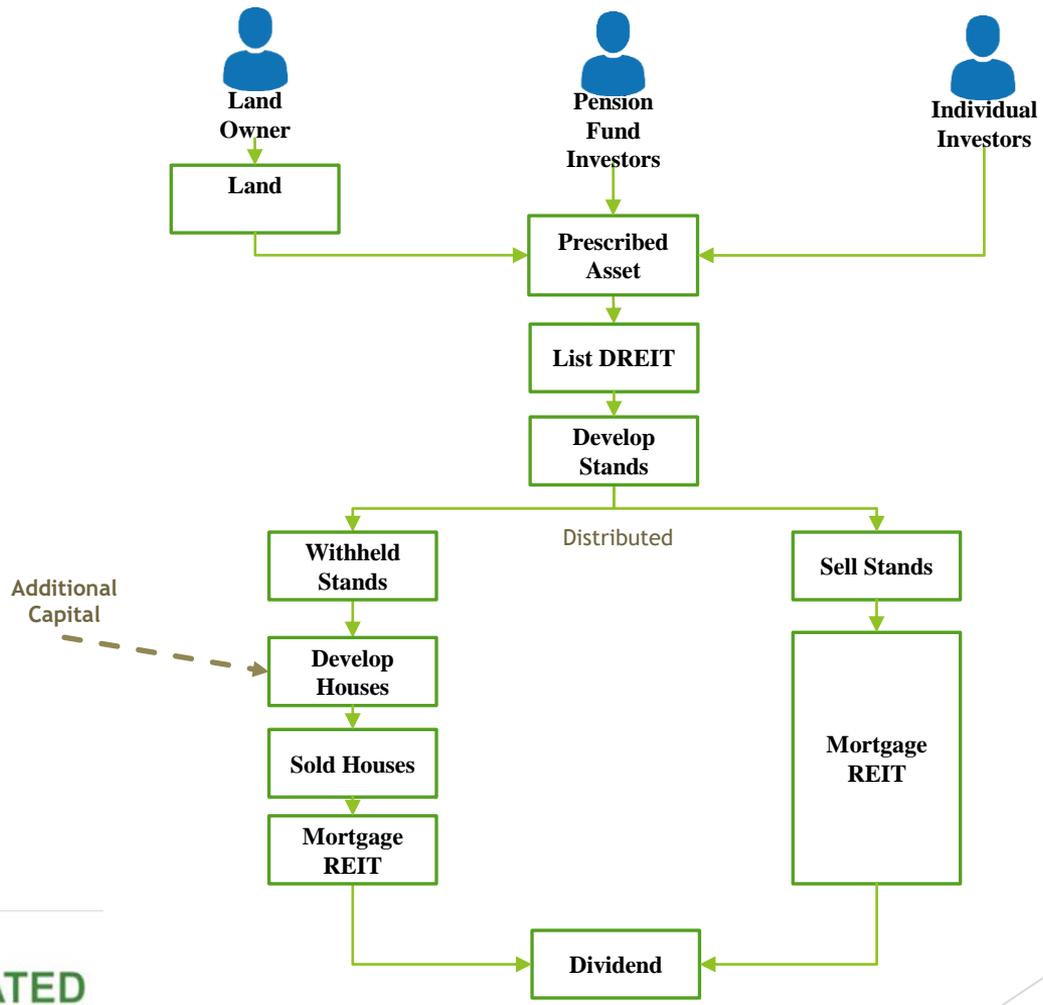
- ↳ Residential REITs (Apartments)
- ↳ Office REITs (Office parks, Multistorey, etc,.)
- ↳ Retail REITs (Shopping Malls, Shops, etc,.)
- ↳ Healthcare REITs (hospitals, retirement homes, nursing homes)
- ↳ **Infrastructure (Road Concessions, Power, Water, etc,.)**
- ↳ Diversified REITs (mix of above)
- ↳ Development REITs (Construction)

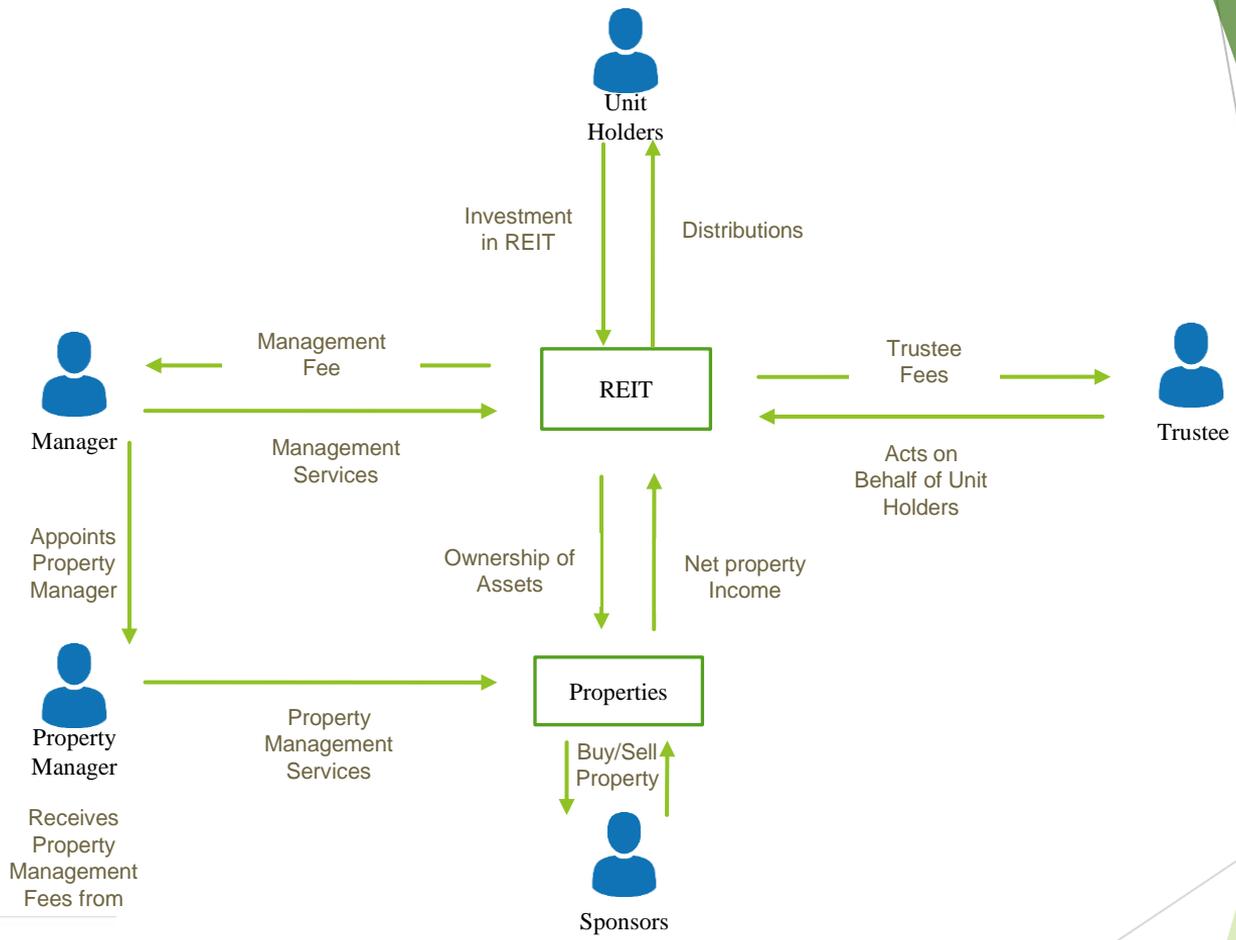
03

REIT OPERATIONALIZATION









- Sponsor may own a substantial stake in the REIT
- Sponsor typically may own both the REIT Manager & Property Manager

04

Way forward

Way forward

- ▶ Lets embrace REITs

05

QUESTIONS

Thank You



Any Questions

