



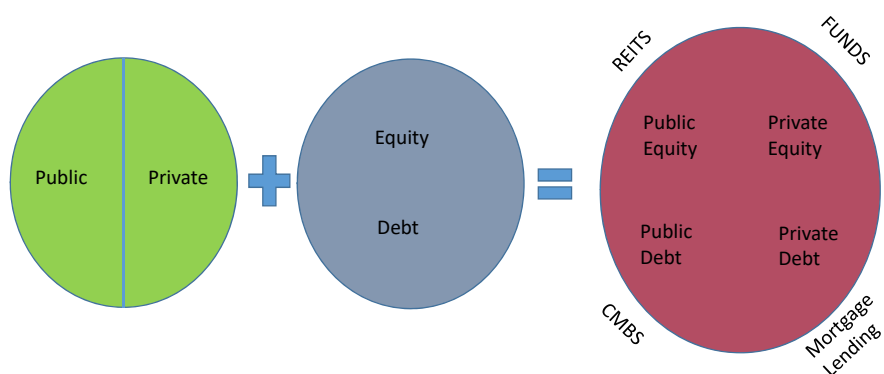

**URBAN REAL ESTATE
RESEARCH UNIT**

**REAL ESTATE INVESTMENT TRUSTS AND THEIR INFLUENCE
ON LOCAL PROPERTY MARKETS**
*Reviewing the Kenyan opportunity and drawing parallels
to the evolution of the South African REIT's market*

A/Professor F Viruly
 EAPI Nairobi
 23 April 2018

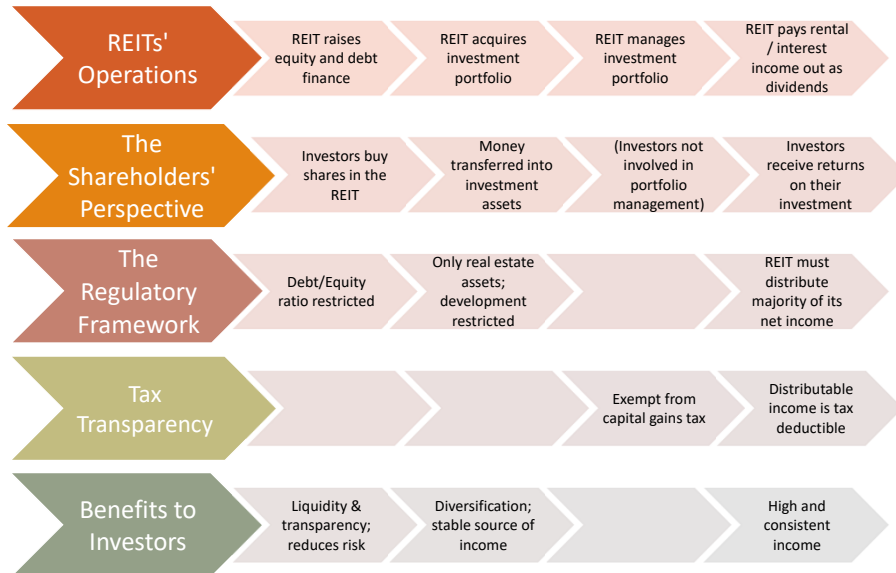

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How To Participate - Real Estate Investments can be made from a Wide Range of Starting Points



Source Viruly

Defining Characteristics of a REIT



What is a REIT ?

What is a REIT?

- Company or trust that **owns and often manages a portfolio of mortgages and / or real estate properties**
- Operates in accordance with **certain rules and regulations**
- Allows investors - both institutional and retail - to **invest in portfolios of mortgages or large-scale properties through the purchase of shares.**
- The shareholders of a REIT, in turn, **earn a share of the income stream** produced by the investment portfolio

What are the distinguishing factors?

- REITs **aggregate diverse sources of funding** and target them into real estate portfolios that extend beyond the limitations of individual projects.
- REIT regulations and legislation provide for **preferential tax treatment** and require **high rates of profit distribution.**
- Together, these unique factors enable REITs to **raise finance from investors who otherwise might lack access to – or be reticent to engage in – real estate markets.**

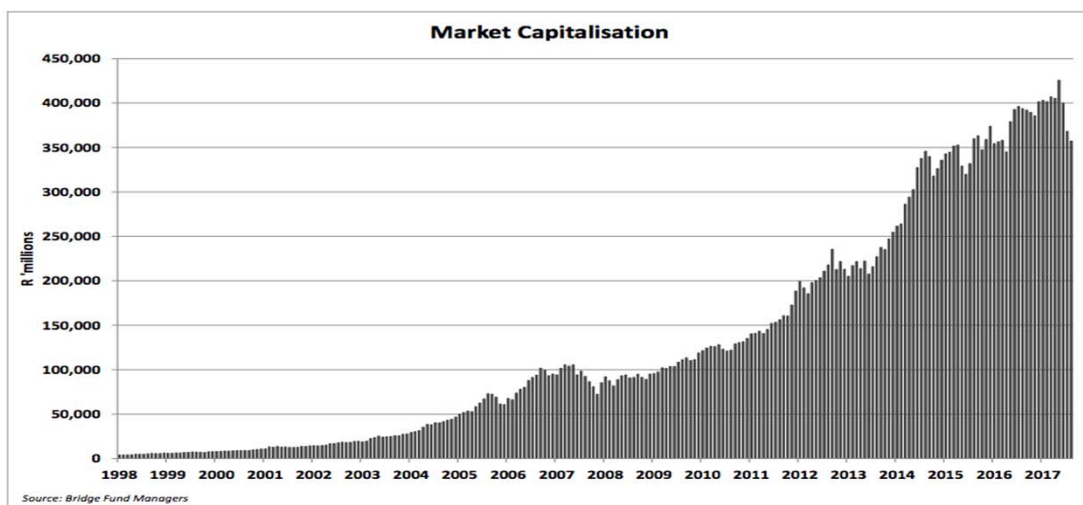
Source CAHF/ Rebel Group SA

REITs in Africa

Country	Year of Establishment	No. of Registered REITs	Size of Industry	Primary Sectors
Ghana	1994	1	US\$12.6 million	Residential; Commercial
Nigeria	2007	4	US\$224 million	Residential; Commercial
Tanzania	2011	1	US\$40 million	Residential
South Africa	2013	30	US\$16.1 billion	Residential; Commercial
Kenya	2013	1	US\$35.5 million	Commercial
Rwanda	2013	0	n/a	n/a
Morocco	2015 / 2016	1	n/a	Commercial

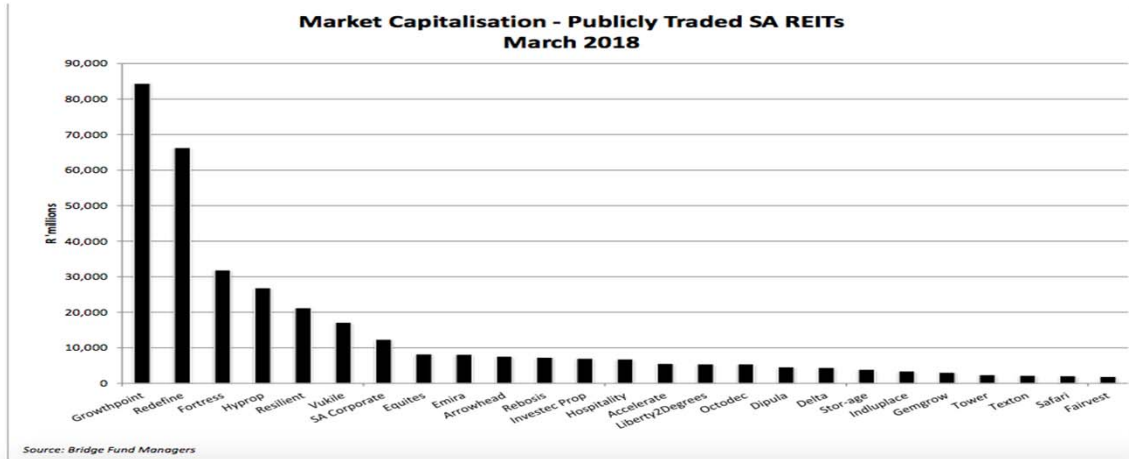
Source CAHF/ Rebel Group SA

Market Capitalisation



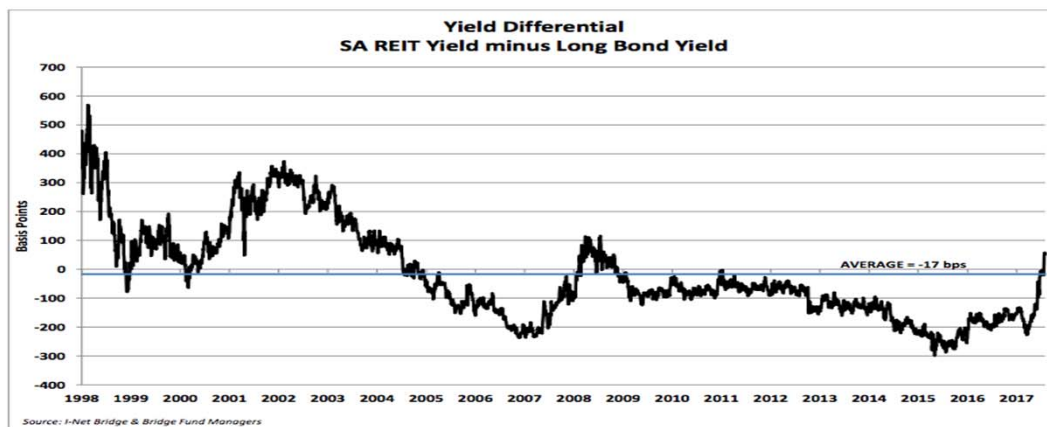
Source SA REIT

The Size of the REIT Counters



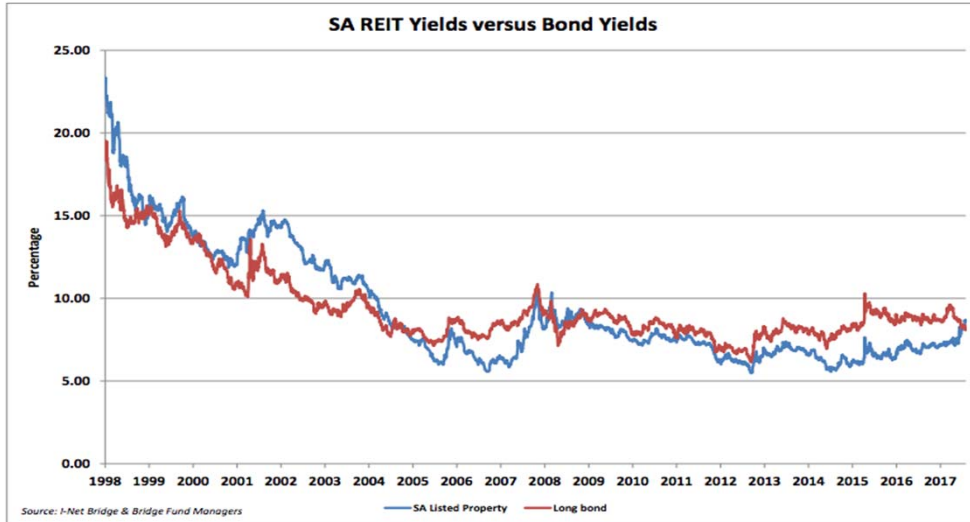
Source SA REIT

The Performance of the SA REIT sector



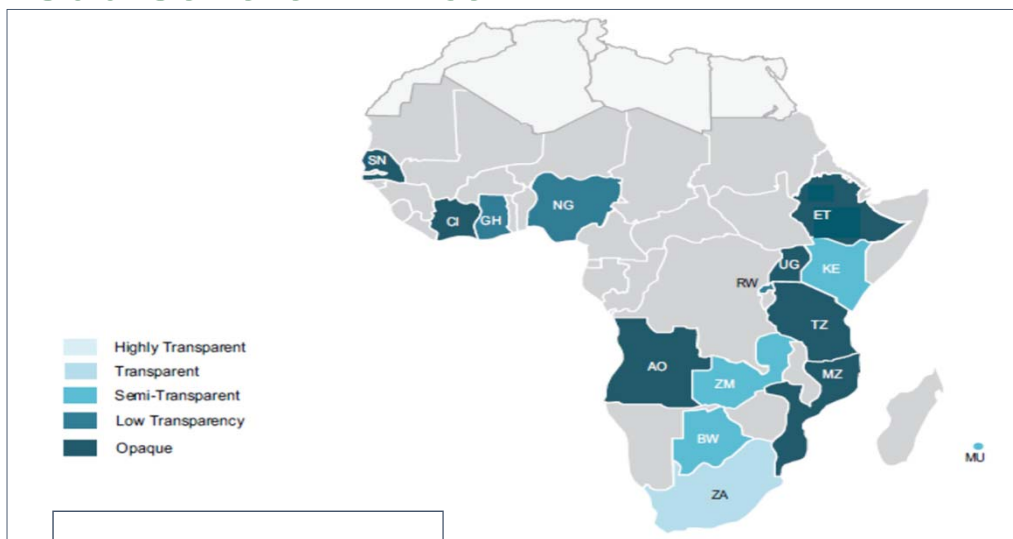
Source SA REIT

SA REITs and the Long Bond Rate



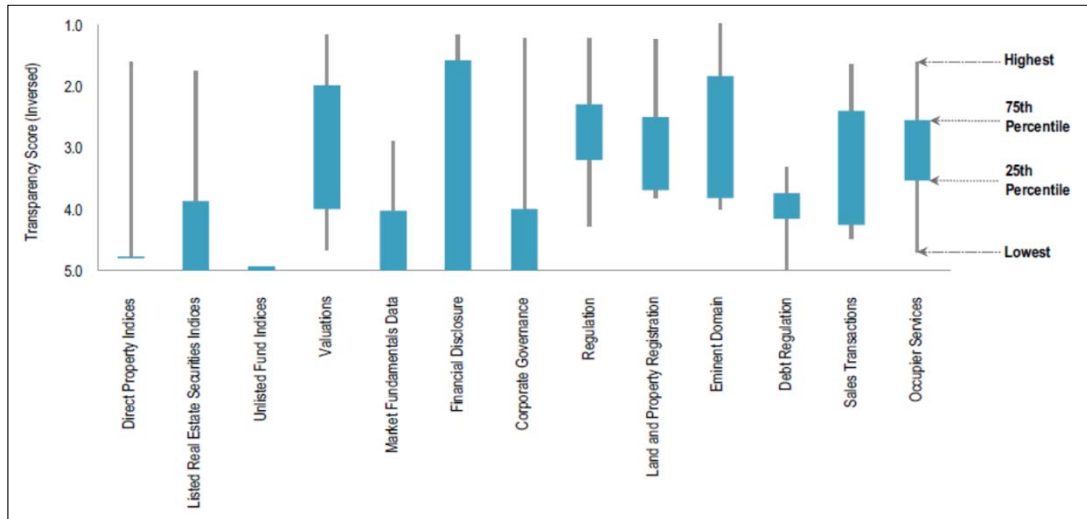
Source SA REIT

Global Real Estate Transparency Index 2016 Sub-Saharan Africa



Source JLL

Sub-Saharan Africa Transparency by Topic Area 2016



Source: JLL, LaSalle Investment Management 2016

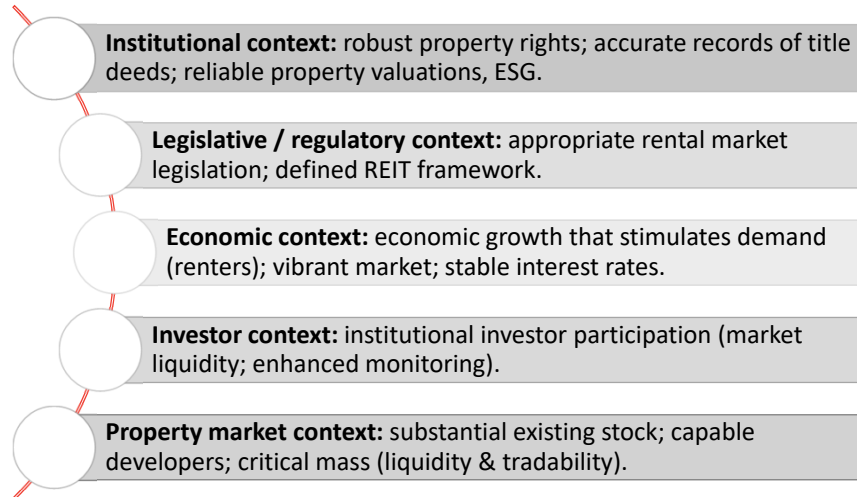
Growing Income



Source Viruly Consulting

Critical Enabling Conditions for REITs in Africa

Essential to understand the contextual factors that support or undermine REITs in general...



Source CAHF/ Rebel Group SA

Further Reading and Sources

- RebelGroup (2017) Real Estate Investment Trusts (REITs) and their potential to increase investment in and access to affordable housing in Africa. Research prepared for CAHF. See: <http://housingfinanceafrica.org/documents/residential-real-estate-investment-trusts-reits-and-their-potential-to-increase-investment-in-and-access-to-affordable-housing-in-africa/>
- For SA REIT data : www.sareit.com
- For URERU : www.ureru.uct.ac.za