

What You Need to Know About Investing in REITs

What are REITs?

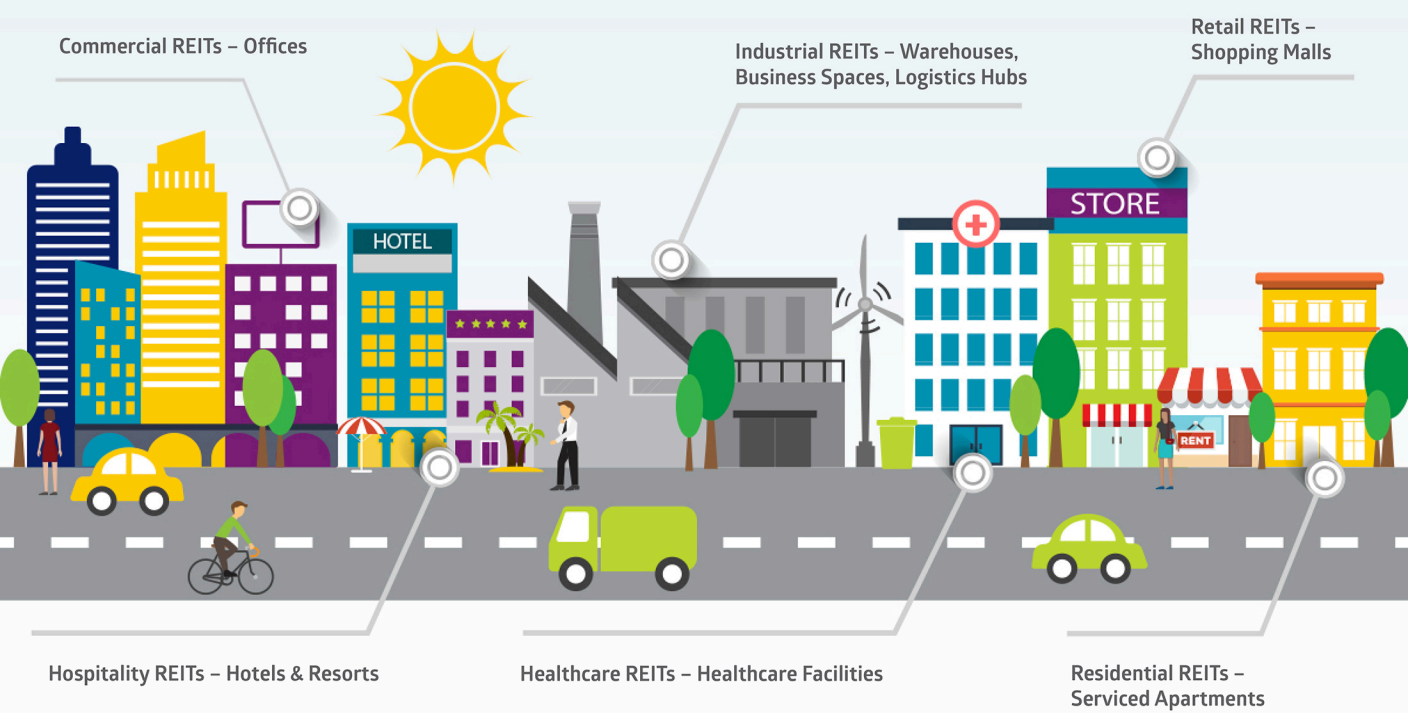
REITs or Real Estate Investment Trusts are **investments in a portfolio of income-generating real estate assets**. The revenue comes mainly from the rental income of the properties, which is then distributed to investors periodically in cash.



Who are REITs for?

Income investors looking for predictable periodic payouts. REITs are also a good alternative for those looking to buy a property for investment.

6 common categories of REITs



Advantages of investing in REITs

Income Distribution



REITs are mandated to distribute at least 90% of their net income to investors to enjoy a tax benefit.

Diversification



REITs typically own multiple property portfolios with diverse tenants – reducing the risk of relying on a single property and tenant, as with owning a property directly.

Liquidity



As REITs are listed on the exchange, you can buy and sell shares easily, and in smaller amounts as compared to buying or selling a physical property.

Did You Know?

S-REITs (Singapore-listed REITs) which comprise both Singapore and Overseas real estate assets also offer investors the greatest international exposure in terms of geographical spread.

The property assets of the S-REITs sector as a whole span as many as 20 other countries outside of Singapore!



How to select REITs?

As REITs invest in tangible assets, you can get a sense of its performance via the demand and supply of its assets or simply by visiting the properties.

Keep these questions in mind when visiting the property:

- Is there a demand or over-supply of the property type?
- Where is the property located?
- How is the occupancy rate?
- How old is the property?
- Is it well maintained?
- What is the land tenure?

As an investor, understanding the REIT's financial performance is essential. So be sure to look at its annual report to find answers to important questions like:

- Is it operating in a positive cash flow?
- What is the gearing ratio?
- What is the debt maturity profile like?

Learn more about **REITs** and other types of investment products now >>

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