

**Client:** Gravis Capital Partners  
**Source:** Money Observer (Supplement)  
**Date:** 01 November 2017  
**Page:** 5  
**Reach:** 12621  
**Size:** 432cm2  
**Value:** 3615.84

**Buchanan**

**TRUST LAUNCHES**

## Flurry of property trust launches offer tempting 5%-plus yields

**T**he launch of a new UK real estate investment trust (Reit) - Warehouse Reit - is the latest in a flurry of property-focused launches in 2017. In total seven Reits have been launched and each has offered investors a juicy prospective dividend yield, of 5 per cent plus.

Warehouse Reit (LSE: REIT) raised £200 million in August to invest in a diversified portfolio of UK warehouse assets located in urban areas. It is targeting a dividend yield of 5.5 per cent, and an annual total return of at least 10 per cent.

This year has seen a number of Reit launches as investors continue to hunt for income. According to stockbroker Winterflood, demand for specialist property vehicles remains strong.

Emma Bird, research analyst at Winterflood, says: 'The large number of Reit launches this year is likely to be a result of investors' continued demand for yield in the



current low interest rate environment - all seven Reits that have been launched so far this year are targeting a yield of at least 5 per cent on their issue price, once fully invested.'

She adds: 'In addition, the underlying assets into which these funds are investing typically have a low correlation to equity

markets and the associated leases often have an element of inflation-linkage.'

In other Reit launches this year, Residential Secure Income (RESI) raised £180 million to invest in UK social housing. It is targeting an inflation-linked dividend yield of 5 per cent and total returns in excess of 8 per cent.

Further, Triple Point Social Housing Reit (SOHO) was backed to the tune of £200 million to invest in UK social housing assets; it targets an annual dividend of 5 per cent, paid quarterly.

Another specialist property trust, Supermarket Income Reit (SUPR), raised £100 million to invest in a diversified portfolio of supermarket real estate assets in the UK. It targets a dividend

yield of 5.5 per cent and a net total return between 7 and 10 per cent.

Existing trusts also raised substantial new money. Empiric Student Property raised £110 million in July, while GCP Student Living raised £70 million and revealed that demand had 'substantially exceeded' its fundraising target. This was also true for GCP Infrastructure, which collected £70 million from investors.

According to the Association of Investment Companies (AIC) the first half of 2017 saw 10 investment company IPOs, a big increase year-on-year, given that only one investment trust launched in the first six months of 2016.

Ian Sayers, chief executive of the AIC, adds: 'It's interesting to note that much of the issuance, both new and secondary, took place in high-yielding, alternative asset classes such as debt, property and infrastructure.'

**Marina Gerner**