

# Information for the Press

## **A coalition of the European real estate industry asks the Commission for an EU framework for real estate investment trusts – EU REIT would overcome obstacles to cross-border property investment and enhance market security and stability**

The leaders of the European Landowners Organization, the European Property Federation, the Royal Institution of Chartered Surveyors, The European Group of Valuers' Associations and the Urban Land Institute Europe have asked the European Commission to take an initiative to overcome obstacles to cross-border property investment in the EU and enhance market security and stability: an EU Real Estate Investment Trust or EU REIT.

The REIT is a vehicle under which investment can be directed in a tax efficient manner into the real estate sector. A Maastricht University study released today highlights five main drivers for an EU framework:

1. the need to address increasing distortions of competition as national REITs multiply;
2. the opportunity to buttress market safety and security. Simply by ensuring a properly functioning Internal Market for real estate investment, the EU can make a major contribution to the control and stabilisation of property markets;
3. the need to correct a situation where savers in small member states cannot access good quality property investment in other member states or even the prime property investments in their own countries;
4. the opportunity to reverse the current trend of initiators of property companies to resort to tax havens;
5. the chance to boost specialisation in cutting edge real estate and investment in social property that both require development on a European scale.

The report goes further, outlining a preferred structure for an EU REIT with no need for invasive tax harmonisation as no approximation of tax rates on shareholder dividends is required.

Commenting on the initiative, Joaquim Ribeiro, Finance Director at Sonae Sierra and Chairman of the EU REIT Coalition, said:

“Creating an EU REIT would turn the current fragmented EU market for property companies into the largest and likely most efficient property market in the world. Investors, small and large, private and institutional, would greatly benefit from that.”

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Piet Eichholtz, Professor of Real Estate Finance at Maastricht University and leader of the research team said:

“The academic literature and additional empirical evidence presented in our report highlight the very arbitrary nature of differences in national REIT structures in Europe and provide strong

and fundamental arguments for the creation of an EU REIT. The EU REIT does not have to be created from scratch. Both in the EU and outside of it, there is a lot of experience with these regimes, and careful analysis of this experience provides direction towards an optimal pan-EU structure.”

**ENDS**

*Brussels, 7 November 2007*

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**Notes for Editors**

*Maastricht University report* including executive summary in most EU languages at:

[www.elo.org](http://www.elo.org)

[www.epf-fepi.com](http://www.epf-fepi.com)

[www.rics.org](http://www.rics.org)

[www.tegova.org](http://www.tegova.org)

[www.europe.uli.org](http://www.europe.uli.org)

**About REITs**

A REIT is a company which:

- has to derive the majority of its income from property investment
- pays no taxes at corporate level; however, a very high proportion of net earnings is paid out as dividends to shareholders who are then taxed
- has the option – but not necessarily the obligation – of public listing
- functions within a specific legislative framework and under supervision of authorities

**About the EU REIT Coalition**

**ELO (European Landowners' Organization):** Created in 1972, ELO promotes a prosperous and attractive European Countryside. ELO is a unique federation of national associations from the EU27 and beyond which represents the interests of landowners, land managers, rural entrepreneurs and family businesses. It targets its actions on land use and housing, via seven major areas of European importance: environment, renewable energy, agriculture and rural development, status of private property and companies, forest, enlargement and trade.

[www.elo.org](http://www.elo.org)

**EPF (European Property Federation):** EPF represents all aspects of property ownership and investment: residential landlords, housing companies, commercial property investment and development companies, shopping centres and the property interests of the institutional investors (banks, insurance companies, pension funds). Members own and manage property assets valued at €800 billion.

[www.epf-fepi.com](http://www.epf-fepi.com)

**RICS (Royal Institution of Chartered Surveyors):** RICS is the largest organisation for professionals in property, land construction and related environmental issues worldwide, promoting best practice, regulation and consumer protection to business and the public. With 140 000 members, RICS is the leading source of property related knowledge, providing independent, impartial advice to governments and global organisations

[www.rics.org](http://www.rics.org)

**TEGoVA (The European Group of Valuers' Associations):** TEGoVA is the European umbrella organisation of national valuers' associations, covering 39 professional bodies from 24 countries comprising specialist consultancies, major private sector companies and government departments both local and national. Its main objectives are the creation and spreading of harmonised standards for valuation practice, for education and qualification as well as for corporate governance and for ethics for valuers. It speaks with a common voice on valuation to European legislators and policy makers.

[www.tegova.org](http://www.tegova.org)

**ULI Europe (Urban Land Institute Europe):** ULI is a non-profit research and education organization supported by its members. Established in 1936, the Institute today has more than 40,000 members in over 87 countries, representing the entire spectrum of land use and development disciplines. ULI's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

[www.europe.uli.org](http://www.europe.uli.org)