



# Why invest in property?

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- Property is a tangible, real asset.
- It provides diversification as it performs differently to assets such as bonds or equities
- Property has a traditionally low level of volatility
- Income (through rental payments) can be relatively stable
- However, low transparency means expertise can be necessary to make the most of opportunities

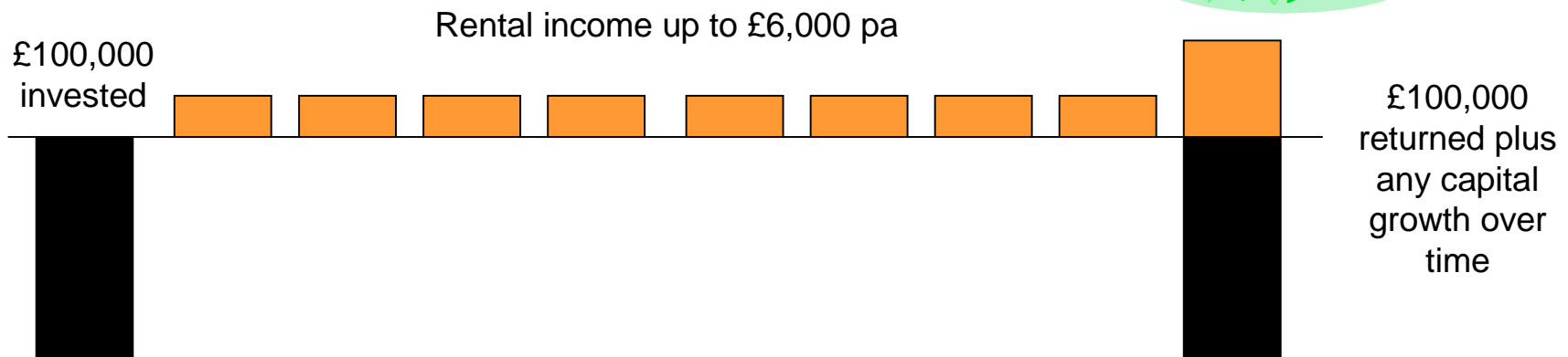
# What can property offer?

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Example: Investment - £100,000

Rental income @ 6.0%pa

Potential for capital growth on sale

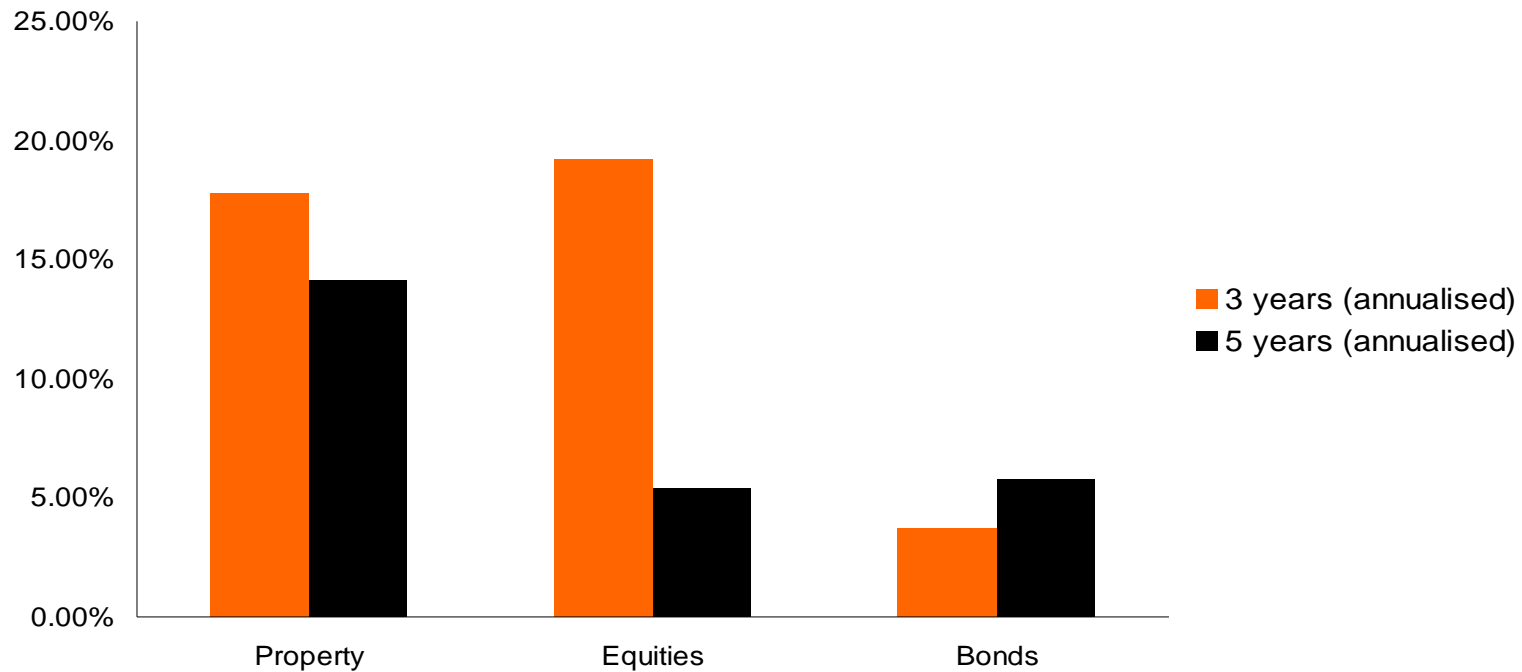


**Note: capital growth is not guaranteed and if a property is vacant for any period, no rental income will be received**

# Building the case for property

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Total recent returns from property, equities and bonds



**Please note: past performance is no guarantee of future returns**

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Source: IPD UK Quarterly Index (to Q2 2006)

## ...although

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- You'll need a sizeable capital outlay to purchase one individual property
- Low liquidity means you must take a long-term view
- Transaction costs are high and time to complete can be lengthy
  - Taxes and professional fees tend to be significant
- Valuations are not objective and can vary
  - The actual market value of a property is only known when it is sold
- Property funds offer an alternative for smaller or less experienced investors

# Adding property to your portfolio

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- Property can help to control risk
  - when held in a balanced investment portfolio
- It can help match your investment portfolio to specific income requirements
- Consider economic conditions before investing
- If you lack fund or expertise, pick a fund manager to provide property exposure through a structured fund or other product
- Property investment should be considered only as part of a longer term investment strategy