Six reasons why it pays to be active with UK REITs

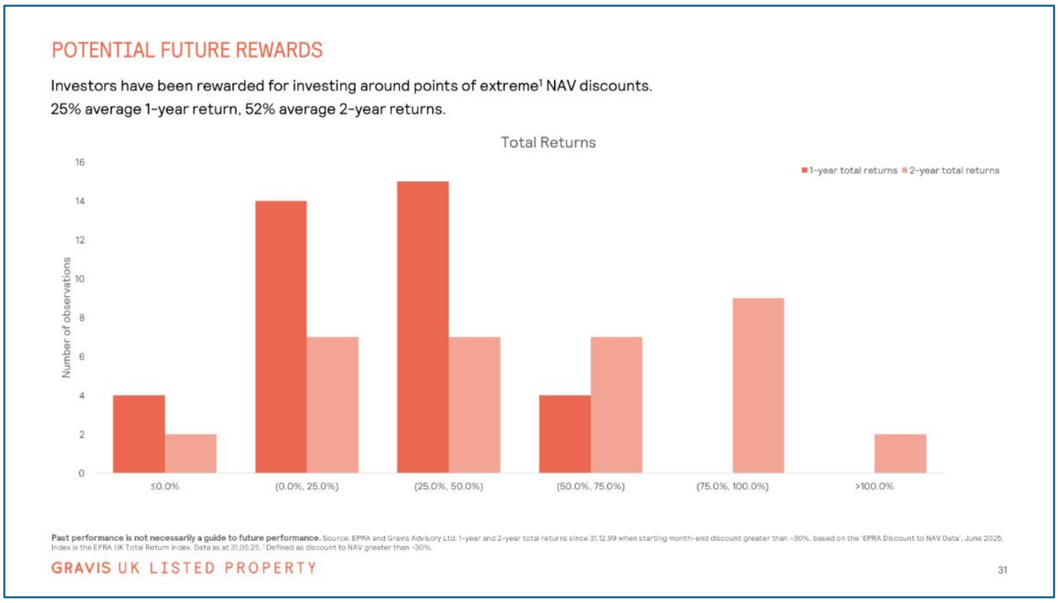
In today's opportunity-rich property investment landscape, one clear message is emerging: active management in UK real estate securities offers a distinct and measurable edge over passive index strategies.

While index funds provide broad exposure and low costs, they lack the precision, agility, and selectivity needed to capture the full value of today's deeply discounted and strategically positioned REITs.

1. Unlocking value through discounted opportunities

Despite strong fundamentals, such as consistent rental growth, high occupancy, and solid earnings, UK-listed REITs continue to trade at significant discounts to their net asset value (NAV).

The average discount is currently 25.3% - far below the 10-year average of 18%*. Historically, periods of extreme NAV discounts have preceded strong performance, with a >95% probability of positive returns one year later and an average two-year return exceeding 50% in most cases.



An index fund can't selectively take advantage of these discount-driven opportunities. By contrast, active managers can focus on REITs with the most compelling dislocations between share price and intrinsic value.

2. Performance backed by active insight

The performance numbers tell a compelling story. The VT Gravis UK Listed Property (PAIF) Fund has returned over 18% year-to-date**, outperforming all its UK peers in the IA Other Property sector and the iShares UK Property UCITs ETF, which returned 10.2% over the same timeframe. This performance has been driven by:

- Careful stock selection, focused on high-growth sectors such as build-to-rent and student accommodation.

- M&A activity, with over 35% of the Fund's holdings subject to takeover interest this year, a clear validation of the Fund’s ability to identify undervalued, high-quality assets.

In contrast, the iShares UK Property UCITs ETF shares only 35% overlap with the Fund and has underperformed it by approximately 24% since the Fund’s inception in October 2019 as shown on the chart below.

PERFORMANCE SINCE LAUNCH

Performance from 31 October 2019 to 30 June 2025.

Returns

	Since Inception	5 Year	3 Year	12 Month	3 Month	1 Month	YTD	Annualised Since Inception	Volatility	Yield
VT Gravis UK Listed Property A Acc	6.86%	13.39%	-5.52%	13.58%	10.07%	3.31%	18.52%	1.18%	21.24%	4.83%
iShares UK Property UCITS ETF	-17.07%	2.96%	-10.11%	-0.20%	8.93%	1.10%	10.23%	-3.25%	23.08%	4.25%

Past performance is not necessarily a guide to future performance. VT Gravis UK Listed Property Performance is illustrated by the A GBP Net Accumulation share class. Yield is for the A GBP Income share class. The Fund launched on 31.10.19. Data as at 30 June 2025.

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3. Actively managed income growth

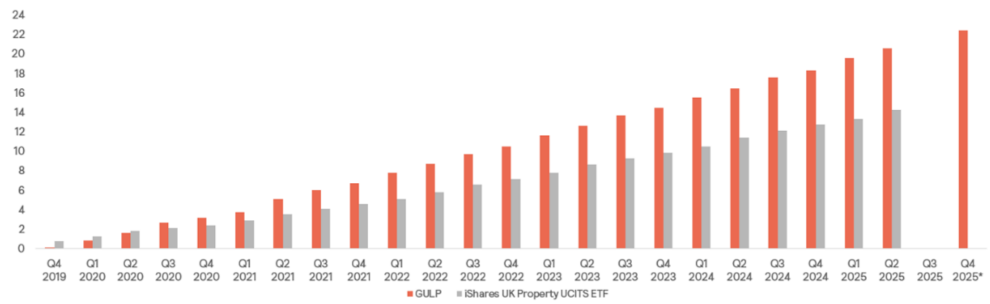
Income is a cornerstone of real estate investing, and the Gravis approach prioritises sustainable, inflation-beating income growth. The Fund has delivered an annualised income growth of 7.2%, and currently offers a 4.9% yield, the second highest in its sector***. Active selection of REITs with strong earnings trajectories underpins this consistent income stream.

Passive funds, by contrast, are constrained by index composition, which includes exposure to weaker or underperforming sectors such as retail or regional offices—areas avoided by Gravis due to their lack of long-term income resilience. The iShares UK Property UCITs ETF remains invested in real estate companies even if they cut or suspend their dividends, which acts as a drag on dividend growth.

GROWTH INCOME, NOT FIXED INCOME

Top decile yield in the IA Property Other sector[1].
Inflation beating 6.7% annualised growth in dividends since inception[2].
4.8% trailing dividend yield exceeds UK REIT ETF[3].

Cumulative DPS Since Inception



Forecast DPS growth is not necessarily a guide to future performance. Source: Bloomberg LP and Gravis Advisory Ltd. Data as at 30.06.25. [1]FE Analytics. Data as at 20.05.2025. [2] Annualised growth of trailing twelve months dividend compared to first twelve months pro rata dividends. Compared to 5.2% CAGR for the Consumer Price Index since 31.10.20. Source: Office for National Statistics. [3] 4.4% trailing 12-month yield for the iShares UK Property UCITS ETF. *Forecast data

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4. Resilience and diversification when it counts

In a year marked by geopolitical shocks and market instability, the Fund has remained robust, delivering positive returns every calendar month and proving itself a powerful diversifier. Its performance has not only exceeded major asset classes like UK and US equities and UK Gilts, but has demonstrated its strength as a defensive allocation within multi-asset portfolios. An index fund, by nature, lacks this ability to pivot, exclude underperformers, or adapt to market shifts, limiting its resilience in challenging environments.

34% of the iShares UK Property UCITs ETF is invested in just three names – 17% of which is in Segro REIT Plc - leaving it exposed to concentration risk. What's more, it has significant exposure to the old-style major diversified REITs and lower quality properties like Home REIT (currently suspended), Regional REIT (-67% total return in 3 years), and Intu (entered administration and delisted -62% over 3 years)*.

In contrast, the VT Gravis UK Listed Property (PAIF) Fund has avoided these areas, instead focusing on higher-quality next-generation ideas benefiting from long term mega trends.

5. Thematic and forward-looking investment philosophy

Active management enables a forward-thinking investment philosophy. Gravis focuses on four structural themes shaping the future of real estate:

- Ageing population
- Digitalisation
- Generation rent
- Urbanisation

This thematic approach ensures capital is allocated to REITs aligned with long-term societal trends, such as purpose-built housing and digital infrastructure, rather than legacy sectors with questionable growth prospects.

6. Specialist experience that drives returns

Real estate is a complex and nuanced sector, and active management thrives on deep expertise. Matthew Norris, lead manager of the Fund, brings over two decades of global REIT investment experience. His team's focused, selective approach enables them to avoid structurally challenged subsectors like retail-heavy REITs and target best-in-class operators.

The Fund is also unleveraged at the portfolio level and avoids foreign exchange risk, making it potentially suitable for clients with cautious to balanced risk profiles who seek stable, long-term returns.

Active management is not just better, it's necessary

In an environment where opportunity lies beneath the surface, passive real estate investing simply cannot keep pace with a high-conviction, actively managed strategy. The ability to:

- Target undervalued opportunities,
- Generate superior income,
- Respond dynamically to market conditions,
- And focus on future-facing real estate themes

...makes active management of listed real estate securities not only better, but essential.

As the UK REIT sector stands at the brink of a potential re-rating, driven by falling interest rates, increased M&A, and persistent NAV discounts, investors have a rare opportunity to harness this upside with expert guidance and intentional positioning. Active management isn't just outperforming, it's redefining what's possible in real estate investing.

**As at 30 June 2025*

***Source: FE Analytics, total returns in sterling, 31 October 2019 to 30th June 2025*

****Source: Gravis, 22nd July 2025*

Important information

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Any decision to invest in the Fund must be based solely on the information contained in the Prospectus, the latest Key Investor Information Document and the latest annual or interim report and financial statements.

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