

Important Differences: REITs vs. Partnerships

	REITs	Partnerships
Liquidity	Yes; most REITs are listed on stock exchanges	No. When liquidity exists, generally much less than REITs
Minimum Investment Amount	None	Typically \$2,000 - \$5,000
Reinvestment Plans	Yes, including some at discounts	No
Ability to Leverage Property Investments without Incurring UBIT for Tax-Exempt Accounts	Yes. In most cases this makes REITs suitable for individual IRAs, 401(k), and other pension plans	No
Investor Control	Yes, investors re-elect directors	No, controlled by general partner who cannot be easily removed by limited partners
Independent Directors	Yes, stock exchange rules or state law typically requires majority to be independent of management	No
Beneficial Ownership	At least 100 shareholders required; most REITs have thousands	Shared between any number of limited and general partners
Ability to Grow by Additional Public Offerings of Stock or Debt	Yes	Rarely
Ability to Pass Losses on to Investors	No	Yes
Information to Investors	Form 1099	Schedule K-1
Subjects Investors to State Taxes	Only in state where investor resides	Yes, for all states in which it owns properties